

صحة من الاجل

# FINANCIAL TIMES

Executive salaries:  
how they vary  
across Europe, Page 3

EUROPE'S BUSINESS NEWSPAPER

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Nairobi	750.00
Accra	720.00
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## World news summary

### Norway urges UK to talk with Opec

Norway is urging the UK to join it in a "sensible dialogue" with Opec in co-operation aimed at strengthening oil prices.

Mrs Gro Harlem Brundtland, the Prime Minister, has given notice of her new Labour Government's willingness to collaborate with Opec.

London: The Department of Energy said the British Government did not envisage any change in its policy of not interfering with rates of output in the UK sector of the North Sea. Page 14

### Kohl fights back

Chancellor Helmut Kohl, West German leader, tried to regain political initiative in Bonn after a week of Cabinet infighting and opposition successes in the wake of the Chernobyl disaster. Page 2

### Dhaka paralysed

A six-hour general strike called by Bangladesh opposition parties paralysed Dhaka in protest at alleged ballot-rigging in last week's general election. Page 4

### Indonesian rockets

Crude home-made rockets were fired at the US and Japanese embassies in Jakarta and a car exploded near the Canadian mission, but no one was injured. Page 4

### Cheap butter plan

EEC Commission announced plans for higher subsidies to dispose of some of the Community's 1.1m-tonne butter surplus to pensioners and the poor in member states.

### Palestinians shot

Troops shot and wounded two Palestinians during an anti-Israeli protest in the occupied West Bank on Israel's 38th Independence Day.

### American expelled

An American defence attaché has been expelled from the Soviet Union after being caught holding a clandestine meeting with a Soviet citizen recruited by US intelligence. Tass reported.

### Death sentence

Yugoslav court sentenced 86-year-old Croatian fascist, Andrija Artukovic to death for war crimes in the Nazi puppet state of Croatia during the Second World War. Lawyers said the sentence was likely to be commuted.

### Syrian help

Syria has been helping in trying to bring about the release of five Americans held hostage in Lebanon, the White House said. A spokesman added that the US did not have "any independent or conclusive proof" of Syrian complicity in recent guerrilla actions in Britain and West Germany. Page 5

### Gurkhas demonstrate

Police shot dead a demonstrator and arrested more than 100 during protests by Gurkhas campaigning for greater autonomy and language rights in north-east India.

### Crash kills 32

A bus crash in the South African tribal homeland of Transkei killed 32 passengers, including 27 children, and injured 58.

### Clean air move

Stricter exhaust standards to cut air pollution from diesel vehicles have been suggested by the European Commission. They would come into effect at the start of 1988. Page 2

### War on worms

Egypt has launched a campaign to combat an infestation of worms threatening cotton, its main agricultural export. Thousands of school-children are working in fields in the Nile delta to remove cotton worms by hand.

## NatWest makes £714m call to fund global expansion

By DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

NATIONAL Westminster Bank, the UK's largest clearing bank, yesterday set a British record for rights issues with a call on its shareholders for £714m (£1.09bn) which it plans to use to finance its global expansion.

The announcement shook the London stock market, which has absorbed a large volume of rights issues in recent weeks, and led to a sharp sell-off in shares.

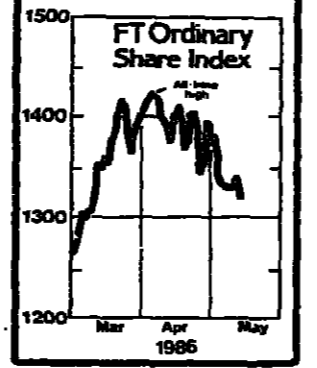
The FT Ordinary index lost 21.2 points on the day to close at 1,320.0. Some 4.9 points of the decline was accounted for by NatWest itself. It became the first bank constituent of the index two years ago. Its shares fell 85p to close at 77p and other bank shares also weakened.

The broader based FT-Actuaries All-share index fell 1.3 per cent to 788.41.

Lord Boardman, NatWest's chairman, said of the issue: "We are one of the world's leading and most profitable banks. We intend to retain this position in the face of intense competition in the financial markets from both east and west. Both our national economy and our shareholders' interests will, in my opinion, gain from this addition to our capital resources."

The issue is to be in the form of one-for-one at the deeply discounted price of 200p a share. This will make it more readily saleable and enable NatWest to save approximately £15m to £18m in underwriting expenses. It will bring the share price down closer to 500p, a level at which, NatWest believes, it will attract more small shareholders.

The new shares will qualify for the interim dividend, which NatWest forecast yesterday would be 8.79p a share, an increase of 10 per cent on last year's interim. In a circular to shareholders, NatWest also said that the fall in the oil price and lower interest rates enabled it to take "a confident view of the group's prospects for the full year," though the bank did not make any profit forecasts.



## Paris will press ahead to streamline redundancy law

By DAVID HOUSEGO IN PARIS

FRANCE's conservative Government yesterday pleased the business community by announcing that it will introduce legislation in the National Assembly allowing companies to declare redundancies without obtaining prior administrative approval.

The measure, long sought by employers' associations but opposed by the trades unions, was one of the most controversial items on the election manifesto of the right. At the time, Mr Jacques Chirac's Government has always been committed to implementing it, there was pressure from some of his ministers to postpone it to avoid the risk of labour conflicts.

The bill, approved by the Cabinet yesterday, will allow companies to declare redundancies at once without - as is the case now - having to seek prior approval from the local labour inspectorate.

None the less, for a further intermediate period large companies will be required to negotiate redundancy terms with the unions while companies with a workforce of under 10 will be required to give a personal explanation to the workers they wish to declare redundant.

President François Mitterrand, who had earlier warned the Government that he would refuse to allow the measure to be enacted by decree, yesterday made known his "strong reserves" and "disapproval" of it. Thus, the bill will go through Parliament in the normal way.

Trades unions also criticised the move, and in particular the Government's decision to go ahead with it, without prior negotiations with them.

Mr Chirac's decision to press ahead follows criticism he has faced

## UK shipyards cut 3,500 jobs

By PHILIP BASSETT, MICHAEL CASSELL AND ANDREW FISHER IN LONDON

BRITISH Shipbuilders (BS), the UK state-owned group, yesterday announced 3,500 job losses and the closure of three yards. It gave a warning that the industry desperately needed new orders to survive.

The job cuts will bring the total workforce at BS down to only 5,500 by March next year. Union leaders said they would push hard for political action to help the UK industry.

The capacity reductions are the latest in a series of slimming exercises undergone by BS since nationalisation in 1977, when the merchant and engine-building yards employed 24,000 people. Its shipyard and repair yards have already been privatised.

BS said that Smith's Dock, its yard in Middlesbrough on the Tees, north-east England, would close by the end of the year with the loss of 1,300 jobs. The Troon yard in Scotland of Ferguson-Ailsa (325 job losses) and the Wallsend site in north-east England of engine-builder Clark Kincaid (300), would also close.

Further redundancies will occur at the Applodes yard in Devon, south-west England, (95 job losses), Govan on the Clyde in Scotland (495), North East Shipbuilders (925

## Sperry in buy-back defence to stave off Burroughs

By TONY DODSWORTH AND PAUL TAYLOR IN NEW YORK

SPERRY, the US computer and defence electronics group, yesterday broke a 10-day silence to hit back at Burroughs' hostile \$70-a-share takeover bid with a poison pill defensive counter tender offer for its own shares.

The New York-based group rejected Burroughs' \$4.06bn hostile takeover bid as wholly inadequate and set up a novel defence that would saddle Burroughs with an additional \$2.86bn in debt if its bid for the rival computer group succeeded.

In heavy early trading yesterday, Sperry's shares gained 5 1/2 to \$73 1/2 after the Sperry announcement. Shares in Burroughs, the Detroit-based computer group, gained 50 cents to \$39 1/2.

The share price gains appeared to indicate that Wall Street investors and arbitrageurs believe that Burroughs will eventually have to sweeten its current offer for control of the group. Burroughs is seeking to acquire Sperry in an effort to create a much larger mainframe computer group more able to compete with IBM, the market leader.

However, Mr Gerald Probst, Sperry's chairman, described the bid yesterday as "a two-tiered, front-end loaded attempt to take control of Sperry at a wholly inadequate price." Burroughs has offered to acquire 33m Sperry shares for \$70 a share in cash, giving it just over 52 per cent of Sperry's 83m fully diluted shares.

Under a second stage to the bid, Burroughs is offering to acquire the rest of Sperry's stock for a package of securities with a certified value of \$70 a share. This kind of offer is normally referred to as "front-end loaded" because the first shareholders to tender are the only ones to receive cash.

Sperry's long-awaited response to the Burroughs' bid is similar, to a number of takeover defences launched over the last two years which have sought to protect the target companies by weighing down the potential acquirer with a heavy debt burden. However, the Sperry defence contains some important refinements - most crucially a provision which triggers the share buy-back only if the Burroughs tender offer is completed.

Sperry, whose board urged shareholders to reject the Burroughs' tender offer, said it will promptly begin a cash tender offer for 29.5m Sperry shares at \$80 a share, conditional on the Burroughs' tender offer being completed. In those circumstances, the Sperry share buy-back scheme would effectively thwart Burroughs' plan to swap the remaining Sperry stock for paper.

## Gorbachev plea for nuclear warning system

By PATRICK COCKBURN IN MOSCOW

MR MIKHAIL GORBACHEV, the Soviet leader, last night ended his 18 days of silence over the Chernobyl nuclear disaster with an appeal for a new international early-warning system for nuclear accidents.

This initiative was linked with a renewal both of the Soviet moratorium on nuclear testing until August 6 and of his offer to meet President Ronald Reagan, either in a European capital or in Hiroshima, to agree a ban on nuclear weapons tests.

On Chernobyl, Mr Gorbachev told the Soviet people: "We can now say the worst is behind us." He called the accident a "misfortune," saying that "for the first time ever we encountered in reality such a sinister force as nuclear energy that has escaped control..."

He strongly attacked foreign governments and media who were using Chernobyl "as proof that agreement with the USSR is completely impossible." But he thanked by name the American bone marrow specialists, Dr Robert Gale and Dr Paul Terisaki, for their help in operating on Chernobyl victims in Moscow hospitals.

The renewal of the Soviet nuclear test ban, dropped for lack of US response shortly before Chernobyl, may allow Mr Gorbachev to regain the initiative in nuclear disarmament negotiations with the US which could have been lost as a result of the explosion.

## Libya sues US bank over frozen assets

By RAYMOND HUGHES AND DAVID LASCELLES IN LONDON

LIBYA is taking steps to try to recover assets from US banks which were frozen at the order of President Reagan as part of his anti-terrorist drive in January.

The Libyan Arab Foreign Bank, which is wholly owned by the Libyan central bank, has issued a High Court writ in London claiming nearly \$300m from the London branch of Bankers Trust Company, the New York-based bank.

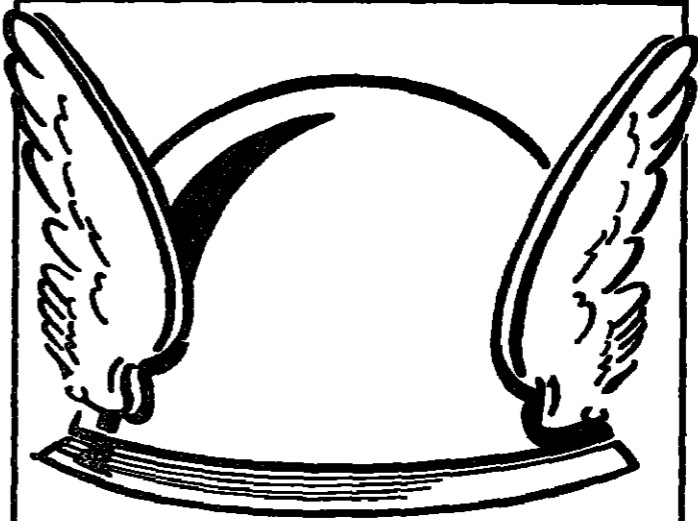
The writ was issued by the Libyan bank's London solicitors in the Commercial Court, and is certain to raise questions about the extrajurisdictional reach of the US Government, similar to those provoked by the Carter Administration's freeze on Iranian assets during the 1979 hostage crisis.

The Bank of England will be watching the case with interest, although it is not directly involved. Bankers Trust's London office confirmed last night that the writ had been issued, but it refused to comment or provide further details until it had consulted its lawyers. As far as is known, other US banks have not been issued with writs.

The Libyan bank's solicitors said yesterday that they would be seeking an early court hearing because the matter was of public importance. It is understood that the case relates to money which the Libyan bank claims it instructed should be transferred by Bankers Trust from New York to London. The writ claims \$131.2m plus interest, and \$161.3m plus interest with "further or alternative" claims for damages in like amounts.

In addition, there is a declaration that on April 21 Bankers Trust London should have paid \$100m to the Libyan bank.

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سكوتيا من الامم

EUROPEAN NEWS

Paul Betts on European party fortunes  
**Communists try to turn ebbing tide of support**

MR GEORGES MARCHEAIS, the French Communist Party secretary-general and one of the most conspicuous personalities on the French political scene, has always had a theatrical penchant.

This week he surprised his party's central committee, by suddenly announcing he would not stand again in the next presidential election.

His decision opens a new chapter in the troubled history of the French Communist Party. During the past 15 years, under Mr Marchais's leadership, the party has seen its electoral support decline steadily. Once the largest party of the French left, the Communists have been overtaken by the Socialists and now can claim just 10 per cent of the national vote, the same level of popular support as the extreme right National Front of Mr Jean Marie Le Pen.

By deciding not to stand again, Mr Marchais has implicitly acknowledged that the time has finally come for new leaders. Although Mr Marchais remains secretary-general, he has opened the way for a successor.

But if Mr Marchais's decision reflects the profound internal crisis currently shaking a party torn between dissident reformists and hard line traditionalists, it is also a further eloquent example of the general decline of western European Communist parties.

In Italy, where the Communists still command about 30 per cent of the national vote, the PCI has suffered a series of setbacks at local and national level. Although far from experiencing the electoral collapse that has hit its French counterpart, it seems to have succumbed to the same sort of political erosion as the French party in the 1970s.

The PCI has not recovered from the death of its former leader, Mr Enrico Berlinguer, and has been desperately trying to find a strategy to replace at a domestic level Mr Berlinguer's concept of "historic compromise" with the Christian Democrats and, at the international level, the much flouted idea of Eurocommunism.

ject itself as part of what it likes to call the "Euro-left." No one talks these days any more about Eurocommunism, a concept which has disappeared without fanfare in the past few years as Communist parties nearly everywhere in Europe have seen their electoral support decline.

Indeed, with the recent collapse of the French party as a major political force, the Italians have remained in many ways the last significant communist bastion in Western Europe.

**Mr Georges Marchais's decision not to stand again for the French presidency reflects the profound crisis shaking a party torn between reformists and hardliners. It is also another eloquent example of the general decline of Western European Communist parties.**

In Spain, the Communists have seen their electoral support fall to under 4 per cent of the national vote and the movement is now splintered in several different factions, including a pro-Soviet group which has Euro-communist leanings. The various factions are now trying to regroup to help lift their performance in the general election next month.

But this joining of forces is not expected to boost them significantly. Mr Santiago Carrillo, the veteran Communist leader, continues to be excluded from his party's chief organs, weakening the movement as a whole. Indeed, Mr Carrillo has sarcastically referred to the current regrouping of factions as a "gazpacho," the Spanish national soup made of mixed vegetables.

In Portugal, where the Communist party maintains a strong pro-Soviet line, the party saw its support fall 2.5 percentage points in the last election to around 15.5 per cent. Moreover, the Portuguese Communists, whose strength reflects

their country's far poorer economic situation compared with the rest of Europe, are also likely to face a serious problem finding a successor to their veteran leader Mr Alvaro Cunhal, who, in many ways, has been a Stalinist version of Mr Berlinguer.

Whether European Communist parties have been pro-Soviet, like the Portuguese and to a considerable extent the French, or Eurocommunist, for lack of a better word, like the Italians and a large section of the Spaniards, these parties appear to be in decline.

In France, the repeated policy about-turns of Mr Marchais and the party's autocratic leadership structure have led to an unprecedented wave of internal dissidence inside the party. Reformist members are seeking to push the party towards a more open and democratic structure and a more autonomous Italian-style approach to relations with Moscow. Despite the steady decline of the party, Mr Marchais has managed to hang on at the top of the party.

But the party has alienated an increasing number of its intellectuals — a phenomenon which has also been taking place in Italy — while confusing its working-class base with its participation in a Socialist government until 1984 which introduced sweeping restructurings in key sectors of French industry and a tough austerity economic programme.

Mr Marchais's credibility has been increasingly questioned inside the party, and soon after the parliamentary elections in March, Communist dissidents were openly criticising the secretary-general and his leadership.

"We are in a situation which risks putting us in liquidation," said Mr Tony Laine, a prominent French Communist intellectual.

Where the French party goes now will depend largely on the choice of its next presidential candidate. A candidate sympathetic to the reformists would imply a major evolution in its overall approach. But, equally, the party might choose a hardliner in a further last-ditch effort by the current leadership to hold power. Whatever happens in France will inevitably have significant implications for other European Communist parties.

**Portuguese banks bloom in easier climate**

By Diana Smith in Lisbon  
 PORTUGAL'S nationalised banks are responding to steady liberalisation of the economy and beginning to raise new capital by public subscription.

Banco Espirito Santo e Comercial de Lisboa (BESCL), the second largest and most profitable nationalised commercial bank, next week starts issuing tranches of Es 6bn (£26m) worth of participation bonds, a hybrid that is 75 per cent fixed income bond and 25 per cent equity entitling the holder to dividends and a vote at an annual general meeting which will appoint an independent auditor.

The equity portion means an Es 1.5bn increase in the bank's capital of Es 9bn. A discreet form of partial denationalisation, participation bonds have already been used by Portugal's largest nationalised commercial bank, Banco Portugues do Atlantico, whose Es 3bn issue sold out in a fortnight.

Two other banks, Banco Totta e Acores and Banco Pinto Sottomayor are seeking permission to issue similar bonds albeit in smaller amounts.

The BESCL bond issue may be particularly attractive to investors since the bank reported a record profit for a Portuguese nationalised bank last year of Es 1.5bn. This was thanks to a marked improvement in margins caused by a 25 per cent drop in expensive time deposits and 32 per cent growth in current accounts and highly selective concession of credit.

Mr H. Parry and Son, the small shipyard south of Lisbon in which the state-owned company Investimentos e Participacoes do Estado holds 48 per cent, has declared its intention to file for bankruptcy after piling up losses of Es 2bn.

Prospects of improvement in the financial situation of the yard, founded 110 years ago and later an offshoot of the big Lisnave repair yard, were dashed when the Government refused to include Parry and Son in a rescue deal. Some 550 workers will lose their jobs if the yard closes.

**JOBS COLUMN SURVEY CONFIRMS SWISS ON TOP**  
**How senior executives' rewards vary across Europe**

BY MICHAEL DIXON

THE DOMINANT position of Swiss top managers in the European pay league is again confirmed by the table below, which marks the close of the Jobs column's spring salary-survey season.

As in previous years, the figures are drawn from the study made in January by Brussels-based Executive Compensation Service, a subsidiary of the Wyatt group. The full survey report covers nine different kinds of senior executive in 15 countries, whereas my table refers only to three kinds in 10. So anyone wishing to know more should contact Paul McCourt of ECS at Avenue Roger Vandendriessche 18 (Box 3) B-1150 Brussels, Belgium; telephone (02) 771 99 10, telex 65154.

The three kinds of manager I have used as a basis for comparison are chief executives, and directors of finance and of personnel.

No attempt has been made to adjust the figures for differences in costs of living from country to country. I have just given the basic salaries, total rewards received in money including bonuses and such-like, and rough indicators of how much of the total cash pay is left after deductions for income tax and social security in the 10 countries in question. The deductions are those which are standard for a married bread-winner with two dependent children.

While the tax and social security payments are those which were in force in January, however, I have done some updating in the process of converting the foreign currencies into sterling by using the exchange rates prevailing at the close of the London markets last Monday.

The left-hand set of three columns of figures refer to the lower quartile executive who would come a quarter of the way up from the bottom of a ranking of all in the same job category in the same country. The next three columns refer to the median managers who would be half-way in the ranking. The position of each country in my league table is decided by the median chief executive's "all cash pay".

Then comes three columns giving the averages. The last set of three columns of figures refers to the upper quartile executive who would come a quarter of the way down from the top of the ranking of those in the same category and country. Switzerland and West Germany continue to hold the top two places in the league table, as they have done since I first drew up a European pay ranking several years ago. But in 1985 the Netherlands chief executive has climbed above the French counterpart in terms of median all cash pay.

In terms of median net cash pay, however, the ranking is different. Although the Swiss come second, the French third, the Italians fourth, the Dutch fifth, and the British sixth.

One of the many things the table does not show is the lowly value the UK gives to its engineering directors. By the median all cash pay measure, the British engineering boss does less than half as well as the chief executive. In the other nine countries the engineering director is paid between three-fifths and three-quarters as much as the company chief.

Country and job category	LOWER QUARTILE			MEDIAN			AVERAGE			UPPER QUARTILE		
	Basic salary £	All net cash pay £	All net cash pay £	Basic salary £	All net cash pay £	All net cash pay £	Basic salary £	All net cash pay £	All net cash pay £	Basic salary £	All net cash pay £	All net cash pay £
Switzerland: Chief executive	61,065	70,981	47,912	77,234	88,535	57,548	81,252	93,360	60,217	95,749	109,815	68,434
Switzerland: Personnel director	42,651	43,695	32,334	51,397	57,431	40,202	52,570	56,933	39,853	64,786	71,279	46,113
Switzerland: Finance director	36,730	43,603	32,777	46,558	47,622	35,728	47,700	52,405	37,208	58,457	62,490	43,743
West Germany: Chief executive	53,220	54,955	33,523	60,932	63,497	37,781	64,679	72,902	41,554	72,188	85,928	47,686
West Germany: Personnel director	32,777	37,810	25,333	40,452	46,000	29,440	44,128	47,012	29,853	51,500	55,589	33,909
West Germany: Finance director	34,027	34,533	23,462	37,497	39,610	26,143	43,780	46,455	29,499	58,036	60,223	36,134
Netherlands: Chief executive	43,942	44,571	21,394	54,639	57,934	25,781	55,915	59,147	26,025	63,009	69,376	28,791
Netherlands: Personnel director	29,263	30,830	17,111	33,083	37,554	19,528	35,860	38,460	19,615	42,597	44,301	21,264
Netherlands: Finance director	26,452	26,602	15,695	31,160	32,135	17,514	31,968	32,888	17,760	38,814	39,184	19,984
France: Chief executive	41,195	45,659	31,961	52,131	55,238	38,390	56,643	66,268	43,737	63,551	75,820	47,608
France: Personnel director	30,021	33,164	24,541	35,993	40,487	28,543	36,427	40,818	28,777	43,457	48,570	33,999
France: Finance director	28,553	30,000	22,350	33,490	34,971	25,179	33,035	37,114	26,537	38,141	42,252	29,999
Belgium: Chief executive	40,787	46,599	20,737	46,977	54,596	22,457	52,848	60,728	23,988	59,956	71,275	26,728
Belgium: Personnel director	28,390	30,124	15,363	34,232	37,771	18,130	35,513	39,082	18,349	41,092	44,996	20,248
Belgium: Finance director	29,731	30,969	15,639	34,916	36,227	17,389	37,997	40,160	18,075	46,133	47,254	21,028
Italy: Chief executive	40,130	43,001	24,067	47,165	50,975	28,546	50,975	56,940	31,602	62,510	69,825	34,643
Italy: Personnel director	29,085	31,588	19,220	36,831	37,815	22,311	35,418	37,776	22,288	40,178	41,473	23,962
Italy: Finance director	23,299	23,299	15,144	29,801	30,607	18,974	30,043	31,264	19,072	38,379	40,798	23,663
Sweden: Chief executive	35,818	40,072	15,628	40,580	48,723	17,540	44,515	51,794	18,096	55,530	62,080	20,773
Sweden: Personnel director	23,631	23,631	11,461	28,169	31,052	13,598	30,695	31,929	13,889	40,656	40,656	15,453
Sweden: Finance director	22,560	22,613	11,080	28,661	28,661	12,897	28,224	29,599	13,024	32,354	37,512	15,085
United Kingdom: Chief executive	29,300	32,870	20,708	34,400	43,180	25,476	41,500	48,120	27,649	49,160	57,990	31,495
United Kingdom: Personnel director	21,360	23,100	15,477	25,140	27,290	18,011	29,350	32,340	20,374	32,760	36,210	22,450
United Kingdom: Finance director	18,958	19,760	13,654	23,260	24,370	16,528	24,370	25,600	17,024	28,270	28,270	18,576
Spain: Chief executive	32,563	35,182	22,516	37,114	40,898	24,948	42,044	45,649	26,945	48,017	51,113	28,623
Spain: Personnel director	25,744	26,221	18,092	29,294	30,833	20,350	30,641	32,947	21,416	34,556	37,979	23,547
Spain: Finance director	22,301	22,722	16,133	25,683	27,367	18,610	27,287	28,912	19,394	30,996	32,788	21,312
Portugal: Chief executive	10,467	11,716	7,850	13,418	14,116	9,317	14,631	16,098	10,464	16,618	19,844	12,303
Portugal: Personnel director	9,044	10,209	6,942	11,551	11,969	7,959	11,324	12,231	8,134	12,947	13,689	9,035
Portugal: Finance director	9,262	9,991	6,794	10,964	11,413	7,647	11,587	12,222	8,128	12,400	13,213	8,721

**"Aycliffe and Peterlee, gentlemen? Be realistic! Its European connections are in no way superior to our present ones."**

(The truth: directly facing Europe, with sea links via the two major ports of Teesside and Tyneside, the region also boasts an adjacent international airport, and a second airport within 40 miles, at Newcastle.)

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OVERSEAS NEWS

Terrorist bomb attacks jolt Jakarta

BY MICHAEL BYRNES IN JAKARTA

JAKARTA was shaken by a series of bomb blasts yesterday. Embassies, a hotel and an office building containing business interests owned by a close associate of President Suharto were attacked. No-one seems to have been killed or injured in the blasts. A missile was fired yesterday morning from Room 827 of the Japanese-owned President Hotel to the third floor of the Japanese embassy, across Jakarta's 10-lane main thoroughfare, Jalan Thamrin. Another almost simultaneous blast destroyed seven cars in the car park of Wisma Metropolitan, a downtown office building which contains the offices of Mr Liem Sioe Liong, a close business associate of President Suharto, as well as the Canadian Embassy. A third bomb at the US Embassy failed to explode at the same time, there was an explosion in the Kartika Chandra Hotel, a venture owned by the wives of top Indonesian military personnel. Police said later that it was not known who was responsible. However, officials at the Japanese Embassy advanced the theory that attacks were connected with missile bombings in Tokyo during the recent summit meeting. These attacks were launched by the largest Japanese left-wing organisation, the Chukaku-ha. But the most widespread belief yesterday was that the blasts were a curtain-raiser, most likely by Muslim fundamentalists, to approaching elections. Their opposition to the Indonesian establishment seems to be largely based on their criticism of unequal distribution of wealth in Indonesia. A year ago, the Borobudur Temple in central Java - Indonesia's most prized religious monument - was bombed by terrorists widely believed to have Iranian connections.



Mr Keating: banana republic

Canberra to order drastic cuts in spending

By Emilia Tagaza in Canberra

THE AUSTRALIAN Government said yesterday there would have to be drastic cuts in budget spending, which sent the Australian dollar tumbling down to 86.6 US cents at the end of trading from the day's high of 73 cents.

The Federal Treasurer, Mr Paul Keating, announced the belt-tightening in the light of the large current account deficit recorded in April. "As an indication of the depth of Australia's problems, our terms of trade are now the lowest since the depression years of the 1930s," he said. He added that Australia was in danger of becoming a third-rate economy ranked among the world's banana republics.

External account figures released Tuesday showed an increase of \$4.84bn (£210m) in the April current account deficit to A\$14.7bn, with the trade deficit of A\$509m being the highest since October last year. Mr Keating blamed the deteriorating terms of trade on the falling world prices of raw commodities on which Australia is heavily reliant. He said the Government's response to that would be savage cuts in public spending. Apart from cuts in allocations to "spending departments" such as Social Security, Education, and Housing, he said state governments would now have to face sharp budgetary reductions. He did not say how much he wanted trimmed off the 1986-87 budget but government ministers said he wanted additional cuts to the A\$1.4bn he proposed earlier this year.

Philippine team to discuss N-plant

A Philippine team was to have left for the US yesterday for talks over an unopened nuclear power plant and debts. Reuter reports from Manila. The Nuclear Power Plant Commission chairman, Mr Rene Saguisag, said any thought of using the \$2.3bn plant was removed by the Soviet accident at Chernobyl.

Scheme to resettle millions condemned

HUMAN RIGHTS and environmental groups called in London yesterday for a halt to funding of Indonesia's controversial scheme to resettle millions of people from crowded Java to other less populated islands, Reuter writes. The call aimed first at the World Bank which provides a big slice of the transmigration scheme's budget, coincided with the publication of a report on the effects of what it called the largest colonisation of people in history. "Contravention since its inception, transmigration has now become associated with such a catalogue of human and environmental abuse that the continued support provided to the programme by Western nations seems almost incomprehensible," the report said. The Indonesian Government, which has plans to resettle 6.5 million people over the next 20 years, says transmigration is necessary to distribute population and economic wealth more evenly. Java, with 60 per cent of the state's 165m people, has only 7 per cent of its land area.

The report said transmigration had failed in its objectives of easing population pressure and creating economic wealth in the outer islands. Foreign governments should stop funding the scheme which had moved 8.5m people by 1984, said the report - issued jointly by The Ecologist, the tribal peoples' lobby group Survival International, the environmental organisation Friends of the Earth and Indonesia's human rights body Tapol. It also said the World Bank, which had contributed more than \$500m to the programme, had broken its guidelines for protecting the environment and cultures of minorities from exploitation. "Transmigration has become one of the government's key means for assimilating tribal people and taking over their lands in the interests of national development and national security," the report said. It added that resettling people from the central islands of Java, Bali and Lombok to eastern Java province had fuelled the conflict between separatist Malaysians there and Indonesian forces. The report calculated that more than 1.65m acres of rain forest would be destroyed a year over the next five years of the scheme, which aims at resettling some 750,000 families. It said its view that huge areas of rainforest were being irreversibly destroyed was shared by three Indonesian departments - Forestry, Population, Environment and Development - and the Interior, which has conducted a review of forest policies.

Kuwait juggles foreign assets

BY RICHARD JOHNS

THE Kuwait Government is understood to have been shifting assets from its sacrosanct Reserve Fund for Future Generations (RFFG) to its State General Reserve to cover increasing budgetary deficits caused by the drop in oil prices. The fact that it has been forced to replenish the SGR in this way makes it virtually certain that there will be little or no change of state investment strategy, according to Arab and international bankers. They are sceptical of statement made this week by Mr Hassem al Kharafi, the Finance Minister, that the Government in a review of the deployment of foreign assets - may move funds from the industrialised world to Communist countries and the Third World. On the contrary, it is believed that the Kuwait Investment Authority is as anxious as ever to maximise capital growth and the return from the state's attractive or "chubby" assets such as loans to Arab countries (including some \$6bn owed by Iraq) and shareholdings in domestic institutions. The decline in its worth has been marked over the past two years with the granting of loans to investors indebted by the crash of the Souk al Manak. At mid-1985 the SGR was worth KD 11.45bn compared with KD 11.78bn a year earlier, but had only yielded an income of KD 452m or 3.8 per cent rate of return, according to figures released by the state credit bureau. By contrast, during the past fiscal year the value of the Kuwaiti dinars (\$4.52bn), almost exactly double the one for 1984-85. It is noted to transfer good assets from the RFFG to the Kuwait Investment Authority from use of the capital

Sudanese cabinet to be named

By John Murray Brown in Khartoum

SUDAN'S new Prime Minister, Mr Sadiq al Mahdi, is expected to day to end weeks of deliberation and announce his 18-member coalition Cabinet following last month's elections. Among eight ministries to be given to Mr Sadiq's Umma Party, Dr Beshir Omar, a university lecturer, is expected to take finance with the Prime Minister holding the key defence portfolio himself. The four remaining portfolios will be shared, by parties from the non-Muslim south. A notable presence in the fundamentalist National Islamic Front (NIF) who control key constituencies in the capital Khartoum. Their support for Islamic Sharia law has been strongly opposed by southern groups. With NIF in opposition, the Prime Minister will seek to start peace talks with the rebel Sudan Peoples Liberation Army (SPLA) which has stepped up activities in the south in recent weeks. The repeal of Sharia law has hitherto been the major demand of the rebels. In recent statements, Mr Sadiq has repeated his commitment to repeal the laws,

Bangladesh strike call heeded

BY SAYED KAMALUDDIN IN DHAKA

SHEIKH HASINA, the Bangladesh opposition leader, told a rally yesterday that a successful half-day strike and the May 7 poll verdict suggest that the people "have expressed no confidence against the Ershad regime." She asked President Ershad to "resign and hand over power to the people." The strike was called by the Awami League-led eight-party opposition alliance to protest the May 7 poll rigging and widespread violence perpetrated by the Government-backed Jativa Party. Jativa Party and others including Samajtantrik Dal, component of eight-party alliance, in turn accused the Awami League of similar poll rigging. Strike calls in Dhaka were generally heeded as motorists and cyclists kept off the streets and shopkeepers failed to open their shops for fear of damage and arson. As on previous occasions, bomb explosions started from early morning and continued throughout early yesterday, persuading people to remain within the safety of their homes. However, the public buses service continued with strong police protection, some of whom came under attack from the pickets. According to eyewitnesses, at least ten people were injured in such bomb explosions in the city, four seriously.

Sub-Saharan Africa faces external finance shortfall

BY MICHAEL HOLMAN

SUB-SAHARAN African countries face an annual shortfall of \$4bn to \$7bn of external financing required to support policy reforms designed to halt the continent's economic decline, according to a report published yesterday. The report by the Washington-based Institute for International Economics, argues that extensive debt restructuring, including cancellation of government debts and easier terms on commercial bank loans, should be part of a financial package in support of agreed economic policy reforms. The difficulties of reversing Africa's economic decline since the early 1970s have been exacerbated by increased debt service payments of \$6bn per year required of sub-Saharan African countries since 1980. The institute calculates that these countries will need about \$20bn-\$23bn annually in external financing to support reforms which include "realistic" exchange rates, a revival of agriculture, a reduction of the state's role in the economy, and rehabilitation of existing projects. Only \$16bn of external financing seems assured, calculates the report: "Hence there is an urgent need for a

sharp increase in financial flows to Africa, on highly concessional terms since few of the countries there can afford commercial interest rates." The primary lenders should be the World Bank, the African Development Bank and bilateral aid agencies, says the report. It describes the creation of a Structural Adjustment Facility by the International Monetary Fund as a "helpful step" which should provide about \$400m annually on concessional terms. A second step should be early agreement on an eighth replenishment of the International Development Association at a level of at least \$12bn. IDA, an affiliate of the World Bank which lends to very poor countries on highly concessional terms. The report notes that countries such as Ghana and Zambia have already initiated what it calls "bold" policy reforms along the lines advocated by the Institute. "Their success is still problematic, however, because of an acute shortage of foreign exchange that continues to threaten import strangulation." A Institute for International Economics, 11 Dupont Circle, NW, Washington DC 20036. Tel: (202) 328 6583.

Gulf fund undiminished

BY JAMES BUXTON IN ROME

AGFUND, an aid giving organisation financed by Saudi Arabia and the Arab states of the Gulf, is not reducing its aid contributions, despite the sharp decline in the revenues of its member states, Prince Taal bin Abdul Aziz, Agfund's president, said in Rome. He said that Agfund would maintain its financing levels at \$80m over the coming two years, the same level as in the previous two-year period. The reason for the fund's existence did not decrease, though the

economic circumstances of the Gulf area have changed. Agfund's full name is the Arab Gulf Programme for the United Nations Development Organisations, was set up in Riyadh in 1981 on the initiative of Prince Taal. It finances projects and programmes in developing countries implemented by UN agencies. Agfund's members are Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Qatar and Oman. Since 1981 it has allocated \$140m in aid.

K-Mart (Australia) Finance Limited

9% Debentures

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1976 (the "Indenture"), between K-Mart (Australia) Finance Limited, a Bermuda limited company (the "Company") and The Royal Bank and Trust Company, a New York corporation, as Trustee, \$1,001,000 aggregate principal amount of the Company's 9% Debentures issued and outstanding under the Indenture (the "Debentures") will be redeemed through operation of the sinking fund provided for in the Indenture on July 1, 1986 (the "Sinking Fund Redemption Date") at 100% of such principal amount (the "Redemption Price") together with accrued interest to the Sinking Fund Redemption Date.

The serial numbers of the particular Debentures of \$1,000 denomination to be redeemed are as follows:

Table with 2 columns: Serial Number and Amount. Lists numbers from M1 1449 to 1433 and amounts from 2259 to 3794.

The Redemption Price for the Debentures specified above will become due and payable and, upon presentation and surrender of such Debentures will be paid on and after the Sinking Fund Redemption Date at any of the following offices of the Company's paying agents: The Corporate Trust Operations of Morgan Guaranty Trust Company of New York on the 13th floor, 30 West Broadway, New York, N.Y. 10015, United States of America, the main offices of Morgan Guaranty Trust Company in Brussels, Belgium, Frankfurt am Main, West Germany, London, England and Paris, France, of Morgan Bank Nederland, N.V. in Amsterdam, The Netherlands, of Banque Generale du Luxembourg S.A. in Luxembourg, Luxembourg and of Union Bank of Switzerland in Zurich, Switzerland. On and after the Sinking Fund Redemption Date, interest on the Debentures to be redeemed will cease to accrue.

COUPONS DUE ON JULY 1, 1986

Coupons due on July 1, 1986 should be detached and presented for payment in the usual manner.

NOTICE TO ALL HOLDERS

Debentureholders are reminded that commencing July 1, 1986 they have the option to vote to extend or redeem their debentures. In connection with this election, an information booklet dated January 27, 1986 was released in mid-February. A FURTHER INFORMATION LETTER IS TO BE ISSUED ON OR ABOUT MAY 19, 1986 AND WILL BE AVAILABLE AT THE OFFICES OF THE PAYING AGENTS LISTED ABOVE AND THE OFFICES OF THE STOCK TRUSTEE AND INDENTURE TRUSTEE GIVEN BELOW:

- Stock Trustee: The Royal Bank & Trust Company, 68 William Street, New York, New York 10005. Attention: Corporate Trust Dept.

Indenture Trustee: K-Mart (Australia) Finance Ltd. By The Royal Bank and Trust Company, New York, as Indenture Trustee

May 15, 1986

NOTICE To Beneficial Owners of 12% Notes Due April 15, 1989

Issued By General Foods Credit Corporation and Subsequently Assumed by General Foods Capital Corporation

U.S. \$80,000,000 General Foods Capital Corporation

(Incorporated in Delaware) 12% Notes Due April 15, 1989

NOTICE IS HEREBY GIVEN that pursuant to the terms of (i) the Fiscal Agency Agreement dated as of October 15, 1984, as amended by the First Amendment to Fiscal Agency Agreement dated as of April 1, 1985 and the Second Amendment to Fiscal Agency Agreement dated as of May 7, 1985 (the "Fiscal Agency Agreement"), among General Foods Capital Corporation (the "Company"), General Foods Credit Corporation (the "Guarantor") and Morgan Guaranty Trust Company of New York, as fiscal agent (the "Fiscal Agent"), and (ii) the U.S. \$80,000,000 aggregate principal amount of 12% Notes Due April 15, 1989 issued pursuant to the Fiscal Agency Agreement (the "Securities") and guaranteed by the Guarantor pursuant to the terms of the guarantees dated May 7, 1985 (the "Guarantees"), an amendment to the Guarantees has been made stating that amendment of the Support Agreement, dated as of October 15, 1984, between General Foods Corporation ("General Foods") and the Guarantor to provide that during the term of the Support Agreement all of the outstanding voting stock of the Guarantor and General Foods (or their successors) shall be owned by Philip Morris Companies Inc. ("Philip Morris") or a wholly-owned direct or indirect subsidiary of Philip Morris, will not adversely affect the interests of the holders of the Securities. The above-described amendment may be inspected at the corporate trust office of the Fiscal Agent, 30 West Broadway, New York, New York 10015, and at the offices of the paying agents named in the Securities.

GENERAL FOODS CAPITAL CORPORATION

By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal Agent

Dated: April 15, 1986

PUBLIC AUCTION OF THE ENTIRE INVENTORY OF PERSIAN CARPET TRADING CO. LTD. (SINCE 1954) Prior to foreclosure, CITY MERCHANT BANKERS have suspended trading and instructed auctioneers to clear all stocks in sections until totally disposed of. PERSIAN CARPETS & RUGS And rugs from Central Asia, Afghanistan, Czarist Russia, Caucasus and other hand weaving centres of The East. There are many extremely valuable and rare antique oriental, tribal, nomadic and also sophisticated silk carpets. Goods will be transported from their premises to THE PARK LANE HOTEL, PICCADILLY, LONDON W1 FOR CONVENIENCE OF SALE ON THURSDAY 15th MAY AT 2.30PM INSPECTION FROM 9.30AM

CLARKE HOOPER plc (Incorporated in England under the Companies Act 1983 No. 19892970) Placing by CAPEL-CURE MYERS of 2,100,000 Ordinary shares of 5p each at 130p per share Share capital Issued and now being issued fully paid £300,000 in Ordinary shares of 5p each £357,293 A proportion of the shares has been offered to the market and may be available to the public through the market during market hours only. Clarke Hooper is one of the UK's leading sales promotion consultancies. The Group provides services in the development and implementation of sales promotion activities for clients in a wide range of businesses, including fast moving consumer goods, retailing, consumer electronics, leisure and financial services. Full particulars of the Company are available through the Emtel Unlisted Securities Market Service. Copies of the Prospectus and of Emtel Cards can be obtained until 29 May 1986 from Capel-Cure Myers, 65 Holborn Viaduct, London EC1A 2EU. 15 May 1986

Handwritten note in Arabic script: "صلى الله عليه وسلم"

# Loans 'reward' Ecuador for economic policy

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

ECUADOR HAS asked the New York branch of France's Banque Paribas to arrange a loan facility of about \$200m (£129.8m). The deal will be one of the first voluntary borrowing operations for a Latin American country since the debt crisis broke in 1982.

The mandate came as the US agreed to reward Ecuador's efforts at economic adjustment by extending a \$150m short-term credit to the Government of President Leon Febres Cordero to ease pressure on the country's finances caused by falling oil prices.

Mr Mark Lovv of Banque Paribas said in New York yesterday that final details of the facility—including the precise amount—will be negotiated with the Ecuadorian authorities over the next couple of weeks.

Taken together, the two operations were described in the banking community as evidence of the so-called Baker initiative in operation. The initiative, launched by Mr James Baker, US Treasury Secretary, at last year's International Monetary Fund annual meeting in Seoul, calls for increased financial flows to debtor countries in return for growth-oriented economic adjustment policies.

The Treasury said it expects Ecuador to reach agreement shortly with the IMF on an economic programme. Because of the country's record and its needs it had, however, decided to go ahead with the loan now. This is in sharp contrast with its treatment of Mexico, which was refused emergency assistance as oil prices plunged earlier this year.

Paribas is seeking a syndicate of about 20 to 25 banks to provide the funds for its deal. The syndicate will work independently from the Lloyds Bank-led committee of leading creditor banks of Ecuador which raised finance on a compulsory basis from all creditors in the past.

Though bankers say the response to Ecuador's needs has been encouraging—Paribas won the mandate in competition with other institutions—they add that Ecuador is still regarded as an isolated case and this deal does not imply a revival of general appetite for bank lending to Latin America.

# Deaver gives up trappings of power

BY REGINALD DALE, US EDITOR IN WASHINGTON

MR MICHAEL DEEVER, long President Ronald Reagan's top image-maker, has finally decided that his own image needs serious attention—as most of political Washington has been trying to tell him for the past month or so.

Mr Deaver has let it be known that he is giving up some of the trappings of power that have helped him to become one of the capital's most highly visible and affluent public relations operatives in the year or so since he left his White House post as deputy chief of staff.

Mr Deaver told the Washington Post, which has joined other leading American newspapers in trying to make a "Deaverate" out of his activities, that he has finally turned in his White House pass, taken himself off the exclusive list

of those receiving a copy of Mr Reagan's daily schedule, and even renounced his privileged access to the White House tennis court.

The pass, which Mr Deaver says Mr Reagan personally told him he could keep, was sent back by messenger with a letter of thanks to the President. In the note, Mr Deaver said he wanted to spare Mr Reagan any "embarrassment."

The embarrassment caused by Mr Deaver's lobbying activities, however, so far seems to have affected his fellow lobbyists more than his former boss.

There has as yet been no suggestion that Mr Reagan himself has behaved improperly by keeping up personal contacts with his former adviser, who is in fact an even greater friend of First Lady Nancy Reagan.

Without his close links with the Reagan family, Mr Deaver's case would probably not have become the cause celebre that it has. His prominence, however, has served to focus the spotlight more generally on Washington lobbyists, who could do without the publicity.

It is clear that Mr Deaver has stepped extremely close to the ethical line intended to keep former public officials from abusing their government contacts. He insists that he had done nothing wrong and the technical legality of his conduct has still to be determined in Justice Department and other investigations.

What has really shocked Washington, however, are his brazen attempts to exploit his former position. Boasting of his unmatched access to the White House (a claim that he has somewhat toned down in recent weeks), he apparently set out to make the maximum amount of money while that access lasted—Mr Reagan will be out of the White House in considerably less than three years.

He was hell bent to cash in as fast as possible, because he felt he was a perishable commodity, one of his friends has been quoted as saying.

Adding to the controversy has been Mr Deaver's enthusiasm for signing up foreign governments as clients.

Whether Mr Deaver is technically in the right or the wrong, the issues raised, according to many people in Washington, are long overdue for examination.

As a result, moves are now under way in Congress to



Deaver: cause celebre

# US praises Syrian efforts on hostages

By Our Foreign Staff

THE US Administration yesterday paid tribute to Syria for its efforts to bring about the release of the five American citizens still held hostage by Shi'ite militants in Lebanon.

At the same time Mr Larry Speakes, the White House spokesman, said that the US did not have "any independent or conclusive proof" of Syrian involvement in recent terrorist acts in the UK and West Germany.

In doing so, he contradicted the statement made by Vice-President George Bush at the weekend. He said: "We are convinced that their (the Syrians') fingerprints have been on terrorist acts."

The apparent contradiction undermined the political and military difficulties facing fulfilment of the US pledge to strike at sponsors of anti-American terrorism as far as Syria is concerned.

West German police have spoken of complicity by Syria's East Berlin embassy in the explosion at La Belle Discotheque on April 5, which resulted in the death of an American serviceman and the wounding of others.

# Mexico protests to US over drug trafficking claims

BY DAVID GARDNER IN MEXICO CITY

MEXICO was yesterday due to issue a formal protest to the US against what it called the "slandering accusations" of minor functionaries made in hearings on Tuesday at a subcommittee of the Senate foreign relations committee.

The hearings, convened by Senator Jesse Helms, the far right Republican Senator for North Carolina, centred on the alleged corruption and involve-

ment in Mexico's booming drug traffic of members of the administration of President Miguel de la Madrid and the ruling Institutional Revolutionary Party's (PRI) resort to ballot rigging.

Among those providing testimony in the hearings were Mr Elliot Abrams, the under-secretary of State for inter-American affairs, and Mr William von Raab, Head of Customs at the

US Treasury.

Mr Abrams said the PRI's continual electoral fraud could "severely erode the PRI's ability to govern and lead to a general government crisis."

Mr von Raab claimed that the US campaign against the drug traffic had been successful but was being impeded by the corruption of the Mexican authorities. Mexico, he said, was the chief supplier of heroin and marijuana to the US and 30 per cent of cocaine reaching the US was transhipped through Mexico.

The army devotes a quarter of its total manpower to anti-drug duties. Last week the Mexican Ambassador to the United Nations issued a statement saying that Mexico devotes 40 per cent of the budget of its Attorney-General's office to combating narcotics and pointedly suggested that if the US were to do the same, some progress could be made.

The Mexican Foreign Ministry on Tuesday night described the allegations as "clearly slanderous" and added that "the Government of Mexico does not accept the right of minor functionaries and foreign legislators... to reach verdicts on internal problems which concern Mexicans alone."

# Coke lore revived to keep youthful image



THE \$20m (£12.9m) spent on Coca-Cola's centenary celebration was paltry compared with the \$2.03bn (£1.29bn) spent on advertising in 1985 and its \$678m income from continuing operations. But \$20m was enough for the company to boast it had mounted the world's largest industrial show, a four-day extravaganza for 12,500 guests with 1,000 dancers, a Friday evening black-tie buffet and a Saturday morning send-off with a two-hour parade through the streets of Atlanta featuring school bands from across America.

It is no coincidence that the party for Coke employees and bottlers spilled out into the streets of Atlanta, for the celebration had a definite public aspect.

Just a year ago, the company changed its Coke formula and produced an outcry that clearly embarrassed—and then delighted—Donald Krough compared blase top brass with "the fellow who's been married to the same woman for 35 years and really didn't pay much attention to her until somebody started to flirt with her."

So the convention was steeped in Coke lore, including exhibits of old adverts and a reproduction of the soda fountain where the concoction was first mixed as the accidental addition of carbon dioxide to John Pemberton's elixir of kola nuts and coca leaves.

The top executives spoke in a highly choreographed morning session held in the local basketball arena. Interspersed with dancing girls, they melded past and present. The original claims for Coke as a "brain tonic and medical elixir" have been updated with two new products being successfully test marketed in North America: Minute Maid citrus minerals with 10 per cent real juice and extra vitamins, and Tab, fortified with calcium.

These sops to an ageing American population were barely noticed in the celebration of winning youthfulness that Coke has always the D'Arcy agency got the Coke account. The company followed rules like: "Boys or young men should be wholesome, healthy types; not too handsome or sophisticated. If there is only one woman in an ad, she should be a brunette; the second should be a blonde."

New commercials for classic Coke, unveiled at the centenary, use an old-fashioned script for the slogan "Red, White and You." In contrast to the continuing appeal to youth in the rest of the world.

## Frank Lipsius visits Atlanta for Coca-Cola's \$20m centenary celebration of the way things were

"Coffee and beer begin to exert their influence by age 15," an international executive said. "So we are going to build our franchise with consumers before they reach that age."

Though 60 per cent of the company's income comes from abroad, the bottlers (who paid their own way to Atlanta) were reminded that American accounts for half the world's soft-drink consumption with only five per cent of its population. Company chairman Mr Roberto Goetzula, for whom the celebration was an endorsement of a business-like six-year tenure, said the overriding objective was to increase per-capita consumption abroad.

Foreign bottlers were told how much the company gains business and favours to their territories. In Germany local taste demanded orange Fanta with more colour and Coke provided centralised bookkeeping and billing to help the 85 bottlers' small franchise territories.

In Italy the company has pushed Coke fountain sales in coffee shops and positioned Sprite as a nearly colourless citrus drink.

In Japan, Coke has over a 90 per cent share of cola sales, over 70 per cent of other flavours and has had an astonishing hit with Georgia Coffee, which comes out of vending machines either hot or cold and has been growing 30 per cent a year since its introduction in 1978.

Coke executives are convinced that the world can catch up on annual US sales of \$3.2bn cases. They drool over the Chinese market, where only one bottle per capita would sell 40m cases a year. But the goal is probably a long way off, considering that the company has only just chosen a Chinese name, meaning "May the mouth rejoice," to replace the former phonetic one that translated as "Bite the wax tadpole."

Executives also revealed that Coke has finally broken into the Soviet market since the expiration in December of a 10-year Pepsi exclusive.

International head Mr Claus Halle noted Coke's usefulness to the Kremlin's anti-alcoholism crusade. "We've only just begun," he claimed, "but we are definitely establishing our own red trademark in the USSR."

# INSIGHT INTO CORPORATE STRATEGY

## SEIKO EPSON CORP.: Merging Success

Since the late 1960s, Epson has produced a long line of quality printers for the computer industry. The name Epson has become a synonym for compatibility since an Epson has a wider range than other printers. This company merged with its parent company, Suwa Seikosha Co., Ltd., last fall and the new Seiko Epson's product line now encompasses computers, computer peripherals, watches, CMOS LSIs, assembly robots, spectacle lenses and various other consumer products.

Seiko Epson's workforce of 7,000 employees creates an annual sales turnover of ¥300 billion in Japan while maintaining a worldwide subsidiary network. This new company is now faced with the task of creating a new corporate culture to symbolise its first business year. In the Japanese language, seiko means both "delicate" and "success"—a meaningful merging of words.



Mr. Ichiro Hattori, President, Seiko Epson Corporation

**Davis:** Could you explain which companies were merged last year to form Seiko Epson and why?

**Hattori:** Seiko Epson Corporation was born on November 1, 1985, when Suwa Seikosha Co., Ltd. merged with Epson Corporation. As you know, electronic quartz watches were pioneered by Suwa Seiko and Epson Corporation. As a subsidiary of Suwa Seiko, Epson began specialising in electronic printers for calculators and then diversified into computer printers. The name "Epson" was actually created from the abbreviation, E.P., meaning electronic printer. We had a hard time at first since there was no visible market for printers, only for printouts from pocket calculators.

Suwa Seiko later became involved in the development of personal computers. These computers were partially developed and manufactured by Suwa Seiko and Epson, but marketed by the latter. And as the two companies became more and more involved with the computer business, it became apparent that merger would be advantageous for both.

As you know, the Seiko group has three manufacturing companies: Seikosha Co., Ltd., Seiko Instruments & Electronics, Ltd., and Seiko Epson Corporation. Total sales for fiscal year 1984 were ¥85 billion, ¥230 billion and ¥300 billion respectively. A full 60 per cent of their total sales were in computer-related fields.

**Operating Joint Ventures**

**Davis:** What joint ventures do you operate with foreign companies?

**Hattori:** Well, Seiko Epson operated in the soft contact lens field with Syntex. But that particular division of Syntex was recently separated and sold to another company. We also own a considerable share of an American semiconductor company in Silicon Valley called Micro-power Systems, Inc., but this is not considered a joint venture.

Seiko Instruments & Electronics, of which I am also president, has a very interesting joint venture with the French company S2M, from which we purchase magnetic bearing technology. We had already been working on this technology, used mostly in vacuum pumps, but found that we could skip a few stages by buying theirs. In addition, we are maintaining a close relationship for software technology

transfer with McDonnell Douglas of the United States.

**Davis:** Did last year's recession in the semiconductor market cause any headaches?

**Hattori:** We were expecting an income of ¥33 billion from this sector but that dropped to ¥30 billion due to the decline of the semiconductor market caused by sluggish computer sales. The rapid appreciation of the yen from 240 to 180 to the American dollar expedited this decrease in income.

In other words, our high growth period had to come to an end in overseas markets as we were forced to raise export prices. The big computer shakeout, predicted for many years, is now upon us and we have no choice except to come up with some new products.

**Davis:** What sort of new products do you have in mind?

**Hattori:** In the Japanese market, we have recently introduced two types of new dedicated word processors, one with a built-in floppy disk drive and another which reads credit-card sized memory cards. In addition, we will also be introducing a whole new line of "intelligent typewriters" in the American market which feature built-in printers that work with plain paper. Intelligent typewriters will be priced at under \$500. We also sell two desktop models abroad called the "EPSON PC" and "EPSON PC+" which are fully IBM compatible. Seiko Epson is the second largest IBM plug-compatible maker after COMPAQ.

**Davis:** Epson has become one of the leaders in the LCD market. What ever happened to your products in this sector?

**Hattori:** We pioneered the pocket colour TV market a few years ago. The market for liquid crystal is very small so far. We still need to break through some technological problems in order to strengthen our position in this promising market. There are too many competitors and prices must be stabilised in order for this market to grow. I think that the market situation will turn around in another year or so, however. It is still a matter of cost in LCD production since the yield rate is so low and the failure rate so high.

**Forming New Culture**

**Davis:** You have just started a new joint company that will have to be regrouped under one corporate culture. What will that be?

**Hattori:** The first thing we have to consider is increasing public awareness of the Epson name. Our IBM compatible computers sell well in the American market, but lap models are preferred by the European consumer. The markets of Europe are definitely different from the American market. It is interesting to note that the result of the election in France has changed the trade climate quite a bit [for the better].

In terms of public relations activities, we sponsor a lot of sporting events such as golf tournaments. For example, we are sponsoring the "Epson Grand Prix of Europe."

**Davis:** How much does your company spend annually on R & D? How about the new company?

**Hattori:** We spend about 6-8 per cent of

total sales on R & D, mostly in computer-related research. We employ a total of 1,000 researchers and some are involved in R & D related to manufacturing. Robots are very helpful since they allow a more flexible tooling system.

**Davis:** What sort of future-oriented products does your company intend to bring out?

**New Niches**

**Hattori:** Of course, watches have been the centrepiece of the Seiko Group's production, but Seiko Epson will concentrate on developing new niches in the computer market. Coming back to the portable computer market, for the moment it is still small because prices are still too high for the product's performance. Sometimes a portable computer is more expensive than a desktop computer. No consumer wants to pay more money for a product that has fewer functions. Technological breakthroughs would allow us to offer a portable computer at about the same price as a typewriter. We could then expand the market.

In the printer sector, ink-jet and laser printers are already on the market. We will introduce the former this year, and the latter next year. Their prices will be set at reasonable levels.

**Davis:** I would like to ask what you think the proper role for a Japanese president is in his firm.

**Hattori:** He should be a promoter of ideas above all. I have three mottoes. First, you should be one step ahead, but not too many or everything won't be realistic. Second, like all Japanese presidents, I would insist on good communications. Third, you have to build a company that all employees can be proud of. These are the fundamentals.

**Davis:** Do you have any particular philosophy to adhere to?

**Hattori:** Well, this move away from the watch business certainly lends a feeling of newfound independence for us as a company. Previously, it was not uncommon for our workers to think of themselves as "factory people" since they were involved only in watch production. My personal philosophy is to shift from Mt. Fuji to Mt. Yatsugatake [the former has only one peak while the latter has eight]. In other words, we have to diversify and not depend on only one line of products. We have to be innovative from within and not depend on other sources when building a new foundation.

# SEIKO EPSON CORPORATION

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WORLD TRADE NEWS

UK to sign investment deals with China

BRITAIN hopes to strengthen its commercial foothold in the promising but unpredictable Chinese market with two agreements to be signed today, writes Christian Tyler, Trade Editor.

One is a soft loan facility of £300m under which money would be lent for 20 years at 5 per cent interest, for which a number of capital projects have already been identified. The other is an investment promotion and protection agreement designed to

encourage British companies to set up in China.

The two agreements are due to be signed today in London by Sir Geoffrey Howe, Foreign Secretary, and Zheng Tao, China's Minister of Foreign Economic Relations and Trade.

The investment agreement is meant to increase the flow of capital from Britain to China and to assure companies against expropriation of assets. It will be only the second of such agreements between the UK and a Com-

munist country. The first was with Romania.

Four large projects for which British companies are in contention have been chosen as possible beneficiaries of the soft loan agreement.

They are a coal-fired power station at Yueyang in Hunan province for which Balfour Beatty and Northern Engineering Industries are bidding; a steel tube mill at Danyang, Hubei province, in which Davy McKee and Desford Tubes are up against

strong international competition; modernisation of a tractor factory at Luoyang, Henan, where Lucas CAV is the bidder; and a telecommunications project for the Shanghai area for which SBC has outlined an agreement.

The money may also be spent on feasibility studies by Davy McKee for the Ningbo steelworks in Zhejiang, by Wimpey and its French partner Pechelery for an aluminium plant at Pingao, Guanzhi. British Shipbuilders and for Westland Helicopt-

ters, the British company in which Sikorsky of the US and Fiat of Italy now have a substantial minority shareholding, are also in the running for some of the money.

Other British enterprises with a stake in the financial deal are British Coal, the civil aircraft manufacturer Short Bros of Northern Ireland, and the Anglo-Chinese Development Corporation, which wants to put up new schemes for China Daily, the English-language newspaper of Peking.

A tale of two Chinese cities

Robert Thomson reports on the contrasting fortunes of two areas in Zhejiang earmarked for foreign investment

THE PROBLEMS and the potential of China's open coastal cities are no better illustrated than in Zhejiang province, just to the south of Shanghai, where the development of one open city, Ningbo, is being pushed ahead by central funding, while the other, Wenzhou, has been left to fend for itself.

The tale of the two cities is relevant to all 14 of the open cities, some of which have been given priority in the allocation of development funds. In others, however, development has slowed, though they retain their power to approve foreign investments.

A vice-governor of Zhejiang, Li Dehao, confirmed that development funds had stopped flowing into Wenzhou, and that Ningbo is one of the cities "which have better conditions" and "will be allowed to develop faster."

Businessmen have complained that Wenzhou is at least eight hours drive from the nearest airport, and does not have the infrastructure needed to support foreign investment.

The position is better in Ningbo, which has a small airport and there are plans for a larger one. City officials say that in the two years that Ningbo has been "open" 26 joint ventures worth \$70m (\$45m) have been finalised, including six joint ventures in a greenfield "economic and technological development zone."

The Chinese Government says Ningbo will receive about 5.2bn yuan (\$1.6bn) for development from central and local authorities during the seventh five-year plan (1986-1990). Total investment in the city up to 1990 is projected to exceed 13bn yuan, 60 per cent of which will be foreign funds.

Zhejiang officials explained that the tightening of central government control over investment in the past year has meant that even Ningbo projects must be approved by the relevant ministry in Peking.

Ningbo is fortunate in having the Hong Kong shipping magnate, Sir Yue-Kong Pao, a native of the city, as a patron. He has been helping find foreign partners for one of the larger planned projects, a steel mill with an annual output of 3m tonnes. Diplomats believe the project will be lucky to get off the ground, even with the magnate's assistance.

Most of the investments in Ningbo have been from overseas Chinese and directed towards small and medium-sized industries, such as food processing, beer and artificial leather.

Investment figures are not available for Wenzhou. A senior provincial official admitted: "We invited some foreign businessmen and they complained about the lack of proper communications. That is why Ningbo is developing faster."

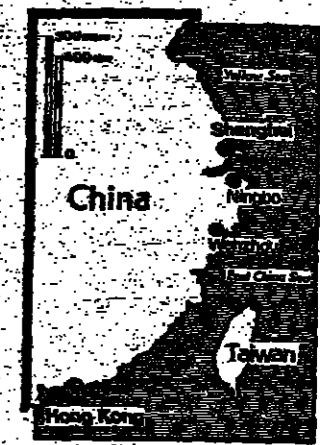
Ningbo, too, is hindered by communications problems. Although it is not as isolated as Wenzhou, it has inadequate road and rail links.

Part of Ningbo's attraction is the nearby port at Beilun, which has the country's most modern iron ore handling facility and can take vessels of 100,000 tonnes.

Most of China's ports were badly congested last year but Beilun, which is expected to be linked to the Shanghai rail line in June, moved only 10m tonnes of cargo. It has a capacity for 30m tonnes.

The long-delayed Baoshan steel plant near Shanghai is apparently partly to blame for the under-utilisation. Large iron ore carriers from Australia and Brazil transfer their cargoes to smaller vessels at Beilun.

Even though development is continuing at Ningbo, the city was not among the four listed for priority treatment last September by the state councillor, Gu Mu, who has been instrumental in developing the open



city policy. The four were: Shanghai, Tianjin, Dalian and Canton.

Gu said that tighter controls over hard currency and bank credit had led to some open cities "encountering difficulties." Signing of contracts would slow down.

The government has stressed, however, that those cities will not be closed and provincial officials make clear that Ningbo has since been added to the list of four priority cities.

General Accident

THREE-MONTHS' RESULTS

The results for the three months ended 31st March 1986, estimated and unaudited, are compared below with those for the similar period in 1985, which are restated at 31st December 1985 rates of exchange; also shown are the actual results for the full year 1985.

It must be emphasised that the results for an interim period do not usually provide a reliable indication of those for the full year.

	3 Months to 31.3.86 Estimate £ millions	3 Months to 31.3.85 Actual £ millions	1985 Year Actual £ millions
Premium Income—General Business .....	492.3	400.4	1,691.3
Long Term Business .....	46.7	70.7	205.0
Investment Income .....	539.0	471.1	1,896.3
Underwriting Result—General Business .....	66.1	57.4	256.7
Long Term Business Profits .....	(63.5)	(77.7)	(237.0)
Less Interest on Loans .....	2.9	2.2	8.8
Profit (Loss) before Taxation .....	5.5	(18.1)	28.5
Taxation—UK and Overseas .....	0.4	0.5	2.0
Minority Interests and Preference Dividend .....	5.1	(18.6)	26.5
Net Profit (Loss) attributable to Shareholders .....	(4.2)	(9.3)	(10.0)
Principal exchange rates used in translating overseas results	0.9	0.7	2.0
U.S.A. ....	8.4	(10.0)	34.5
Canada .....	\$1.48	\$1.45	\$1.45
.....	\$2.07	\$2.02	\$2.02

ANALYSIS BY TERRITORY OF GENERAL BUSINESS PREMIUM INCOME AND UNDERWRITING RESULT (before internal reinsurance)

	3 months to 31.3.86 Premium £m	Underwriting Result £m	3 months to 31.3.85 Premium £m	Underwriting Result £m
U.K.	169.5	(27.0)	133.3	(30.9)
U.S.A.	187.2	(26.0)	165.7	(32.1)
EEC other than UK	33.3	(4.9)	30.4	(3.7)
Canada	53.8	(4.8)	31.9	(7.2)
Australia	8.3	(0.8)	6.7	(0.9)
Others, including London Market business	49.2	(0.2)	32.4	(2.9)
.....	492.3	(63.5)	400.4	(77.7)

Net written premiums and investment income increased in sterling terms by 22.9% and 15.1% respectively. The 1986 figures include the results of Pilot Insurance of Canada for the first time. Adjusted to exclude the effects of currency fluctuations and Pilot the increases were, 19.3% and 9.4% respectively.

In the United Kingdom, net written premiums were £169.5m (1985 £133.3m) and there was an underwriting loss of £27.0m (1985 £30.9m loss). The high claims frequency in the Motor account continued in the first quarter to produce a loss of £8.6m (1985 £7.7m loss). The impact of increased premium rates in the Homeowners' account was more than offset by the seasonal weather claims and resulted in a loss of £13.7m (1985 £10.3m loss). The Commercial Property account benefited from both rate increases and a reduction in large Industrial Fire claims and, despite weather losses, reported a sharply reduced loss of £5.3m (1985 £10.4m loss). Liability classes showed a satisfactory improvement.

In the United States, net written premiums were \$277.1m (1985 \$240.3m) and the operating ratio was 113.97% as compared with 119.75% for the same period in 1985. On the United Kingdom accounting basis the underwriting loss was \$26.0m (1985 \$32.1m loss). There was improvement in Commercial Lines, which benefited from rating increases, but Personal Lines showed some further small decline.

Elsewhere there were aggregate underwriting losses of £10.5m (1985 £14.7m loss). Results in Canada, Australia and most other territories show welcome improvement on 1985 experience but France and Netherlands were disappointing. There was a satisfactory improvement in London Market experience.

New annual premiums for life business in the United Kingdom for the three months were £5.8m (1985 £5.9m) and single premiums £5.1m (1985 £31.0m).

General Accident Fire & Life Assurance Corporation plc

World Headquarters: Pitheavlis, Perth, Scotland PH2 0NH.

NOTICE

To Beneficial Owners of 11½% Notes Due April 30, 1990 Issued by General Foods Capital Corporation and Guaranteed by General Foods Credit Corporation

U.S. \$75,000,000

General Foods Capital Corporation

(Incorporated in Delaware) 11½% Notes Due April 30, 1990

NOTICE IS HEREBY GIVEN that pursuant to the terms of (i) the Fiscal Agency Agreement dated as of April 30, 1985 (the "Fiscal Agency Agreement"), among General Foods Capital Corporation (the "Company"), General Foods Credit Corporation (the "Guarantor") and Morgan Guaranty Trust Company of New York, as fiscal agent (the "Fiscal Agent"), and (ii) the U.S. \$75,000,000 aggregate principal amount of 11½% Notes Due April 30, 1990 issued pursuant to the Fiscal Agency Agreement (the "Securities") and guaranteed by the Guarantor pursuant to the terms of the guarantees dated April 30, 1985 (the "Guarantees"), an amendment to the Guarantees has been made stating that amendment of the Support Agreement, dated as of October 15, 1984, between General Foods Corporation ("General Foods") and the Guarantor to provide that during the term of the Support Agreement all of the outstanding voting stock of the Guarantor and General Foods (or their successors) shall be owned by Philip Morris Companies Inc. ("Philip Morris") or a wholly-owned direct or indirect subsidiary of Philip Morris, will not adversely affect the interests of the holders of the Securities.

The above-described amendment may be inspected at the corporate trust office of the Fiscal Agent, 30 West Broadway, New York, New York 10015, and at the offices of the paying agencies named in the Securities.

GENERAL FOODS CAPITAL CORPORATION By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal Agent

Dated: April 15, 1986

Hyundai trebles car exports

By Steven B. Butler in Seoul

HYUNDAI Motor Company of South Korea has trebled its car exports during the first four months of the year compared to the corresponding period of 1985.

The company exported 86,826 vehicles until the end of April, against 27,547 last year. Much of the increase is accounted for by the shipment of 47,000 subcompact Pony Excels to the US where sales began in mid-February.

Hyundai hopes to export 200,000 vehicles this year, of which half will go to the US market.

Hyundai improved its international reputation last year when it became the top car importer in Canada, ahead of Honda and Toyota. It sold nearly 80,000 cars in Canada last year and dominated the lower end of the market.

Hyundai is the first Korean car maker to begin volume vehicle exports and is marketing its cars in North America through a network of independent dealers.

By next year it will be joined by two other Korean car makers, Daewoo Motors and Kia Motors. Daewoo is a 50-50 joint venture with General Motors, and GM will market the cars as Pontiac Le Mans.

Nissan Iberica signs tractor deal with Kubota

By Hazel Duffy

NISSAN Motor Iberica of Spain has signed an agreement with Kubota, the Japanese tractor manufacturer, to build tractors in Spain.

The agreement signed this week will give the Japanese tractor industry its first manufacturing foothold in the EEC. The deal provides for a new company to be set up, although the split between the participants has yet to be agreed.

The company will build 80 horsepower tractors at a new plant near Madrid. It will use advanced production methods and employ 500 people. A Japanese engine is likely to be used in place of the Perkins engine which powers the small tractor now made by Motor Iberica.

The Spanish company, which is 80 per cent owned by Nissan, will continue to build tractors in the 80 to 120 horsepower range based on Massey-Ferguson designs, which are marketed under the name of Ebro.

Nissan does not build tractors, which is the reason for Motor Iberica turning to Kubota. Japanese strength in the tractor industry, where there is substantial overcapacity worldwide, is traditionally in small tractors, of 50 to 60 per cent in vans and four-wheel-drive vehicles.

Mr Juan Echeverria, president of Motor Iberica, told a management conference in Barcelona that the company, which also makes commercial vehicles, has been given four years to achieve profitability.

Fiat looks for way out of Libyan dilemma

BY ALAN FRIEDMAN IN MILAN

FIAT, Italy's private-sector group, was last night maintaining a rigid "no comment" after Mr Caspar Weinberger, the US Defence Secretary, intervened personally to block a \$7.9m contract awarded by the Pentagon to the Fiat-Allis earthmoving equipment subsidiary.

Mr Weinberger's opposition to the Fiat subsidiary's tractor concept is based on the Reagan Administration's policy of not doing business with any companies it believed to be substantially owned by Libya.

Fiat is 15 per cent owned by the Libyan Arab Foreign Investment Company (Lafico), and two Libyan representatives sit on the Fiat board. Fiat has said repeatedly that the Libyans do not interfere in the

running of the company. Mr Weinberger's office, however, said yesterday that it was "concerned that no profits resulting from a Department of Defence contract are paid to Libya."

The personal opposition of the American Defence Secretary comes less than 24 hours after the approval of a resolution in the US House of Representatives urging the Pentagon to defer awarding the contract for 178 crawler tractors to Fiat-Allis.

Fiat has become increasingly worried in recent weeks that it will be unable to obtain a variety of important US contracts, especially those related to the Strategic Defence Initiative or Star Wars programme because of its Libyan shareholders.

The last time Libya's presence in Fiat emerged as an issue was in the UK during the Westland affair when Fiat and United Technologies succeeded with their rescue bid for Westland. It is believed that one of the reasons why Fiat has been so keen to develop close ties to United Technologies has been its aspirations to become a major US defence contractor.

The mounting concern at Fiat has become clear in the past fortnight as first Mr Cesare Romiti, managing director, and then Mr Gianni Agnelli, chairman, have gone well out of their way to say in public that they wish to buy out the Libyans.

In Turin, Fiat said the matter of the Pentagon contract was "too delicate" for comment. But stockbrokers close to Fiat have confirmed recently that the Italian company is working behind the scenes to find a way of sidestepping the Libyan connection. Unfortunately the Libyans have shown no interest in selling their shares in Fiat, which have nearly quadrupled in value on the Milan bourse in little over a year.

It is understood that the contingency plans now being prepared in Turin could call for a purchase of the Libyan equity stake by IFI, the Agnelli family holding vehicle which already owns 31.3 per cent of Fiat.

France removes tax on VCRs

BY PAUL BETTS IN PARIS

THE FRENCH Government announced yesterday it will remove the annual licence fee on video cassette recorders (VCR) in a move to help boost the domestic cassette market.

The tax was part of a package of trade protectionist measures adopted three years ago but subsequently phased out to halt what the then Socialist Government viewed as a "Japanese invasion" of the

consumer electronics market. The climax of the French protectionist measures came with the celebrated battle of Poitiers when the Government forced all VCR imports to pass through the central French city for customs clearance.

The combination of Poitiers and the annual tax VCR owners have had to pay has acted as an obstacle to the development and growth of VCR sales in France.

The lifting of the tax, which was about the same as the annual licence fee for colour television sets of FF600 (£54.50) a set, reflects the new right-wing government's efforts to speed up broadcasting deregulation in France and encourage the development of a wide range of television products and services.

Arianespace in Japanese deal

THIS European space consortium Arianespace has announced that the Japan Communications Satellite Company (JCS) will use its system to launch a satellite in February 1988, Reuters reports from Tokyo.

JCS had initially planned to use the US National Aeronautics and Space Administration (NASA) to launch the satellite, but had to reconsider after the loss of the space shuttle in January.

Sir Kenneth Durham, Chairman of Unilever PLC, presided at the Annual General Meeting of the Company on Wednesday, 14th May, 1986.

The Report and Accounts were adopted, the Auditors re-appointed and a final dividend for 1985 declared at 27.05p per 25p Ordinary Share making a total dividend for 1985 of 38.62p per 25p Ordinary Share.

Sir Kenneth, having reached retirement age, relinquished his appointments at the meeting having served Unilever for 36 years. He is succeeded as Chairman by Mr M. R. Angus, a member of the Special Committee and a Vice-Chairman of Unilever PLC since 1984.

All Directors other than Sir Kenneth Durham were re-elected and Mr W. K. Grubman and Mr M. G. Heron were also elected to the Board.

Mr A. W. Malinson proposed a vote of thanks to the Directors and employees of Unilever and in doing so expressed particular thanks to Sir Kenneth Durham and good wishes to Mr M. R. Angus, Sir Kenneth and Mr Angus responded.

The Annual General Meeting of Unilever N.V. took place in Rotterdam on the same day with Mr F. A. Majfers in the chair.

The Company has published a report made to the British Government under the EEC Code of Conduct for companies with interests in South Africa and a copy can be obtained using the coupon below.

Also available are two booklets which refer to the 1985 results, the Annual Report and Salient figures which contains general information of interest to shareholders and the statutory Annual Accounts.

Please tick as required:

Annual Report & Salient figures 1985

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Report under the EEC Code relating to South Africa

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# Nimrod 'biggest problem' for defence budget

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE POSSIBLE need to finance an alternative to the controversial Nimrod airborne early-warning system was the single biggest problem facing the defence budget over the next two or three years, Mr George Younger, the Defence Secretary, told the House of Commons defence committee yesterday.

Mr Younger indicated that another major difficulty would be the need to find additional money to meet new wage awards for the armed services. He also implied, without giving any details, that the promised programme of building three frigates a year could be delayed.

The Defence Secretary was giving evidence to the all-party committee on last Monday's statement on the defence estimates. He acknowledged that, as a matter of government policy, the sums allocated to defence over the next three years would decline in real terms by some 6.5 per cent although, if spending on the Falklands was excluded, this would drop to about 4.5 per cent or roughly 1.5 per cent a year.

He repeated that he did not believe that a defence review, in

which specific defence commitments or key programmes would be cut, was necessary to meet the gap between the demands of the budget and the available resources.

The Defence Secretary acknowledged for the first time that there was no provision in the defence budget for alternatives to the increasingly costly Nimrod early-warning aircraft whose complex radar system, being developed by GEC Avionics, has failed to perform to the RAF's satisfaction.

Estimates for completing Nimrod or for buying alternative systems from the US vary from £400m to £1bn. The Government is believed to have provided only for some £200m over the next two years.

Mr Younger said that the extra cost of wages for the armed services to the defence budget last year had been £129m, following a 7 per cent wage award. It is understood that a similar award this year would add £150m.

MPs failed to persuade Mr Younger to say precisely where programme cuts or delays might fall as the Government strove to keep within the declining defence budgets.

Andrew Fisher explains why state-owned BS is to make 3,500 workers redundant

# Merchant shipyards torpedoed by lack of orders

BRITAIN'S merchant shipyards have almost given up the ghost. In spite of strenuous efforts to win new business, the worldwide crisis has proved too much.

Yesterday's announcement of 3,500 more redundancies in an industry which has already shrunk to about 8,000 people came as a bitter blow to yard workers in Scotland, England's north-east and Devon in the south-west, even though the management had prepared them for the worst.

State-owned British Shipbuilders has been struggling ever since the industry was nationalised in 1977. Then, the merchant yards employed about 34,000 people. Three years ago, there were 22,000 not counting the mostly profitable warship yards which have now been privatised.

Under its previous chairman, Mr Graham Day, the state-owned vehicles group, BS achieved high productivity and last year won some large orders. His successor, Mr Phillip Hares, has had to face a much bleaker picture.

BS is negotiating on several contracts but none has been concluded in time to prevent further heavy job losses. As ships on order near completion, follow-up steelwork is crucial to keep yards busy. Without more orders, yards will run out of work at about the turn of the year.

Unions reacted furiously to the

news of job losses, calling on the Government to step in and save the industry from ultimate closure. Yet the problem is a worldwide one, with even the huge Japanese and South Korean yards finding orders hard to obtain.

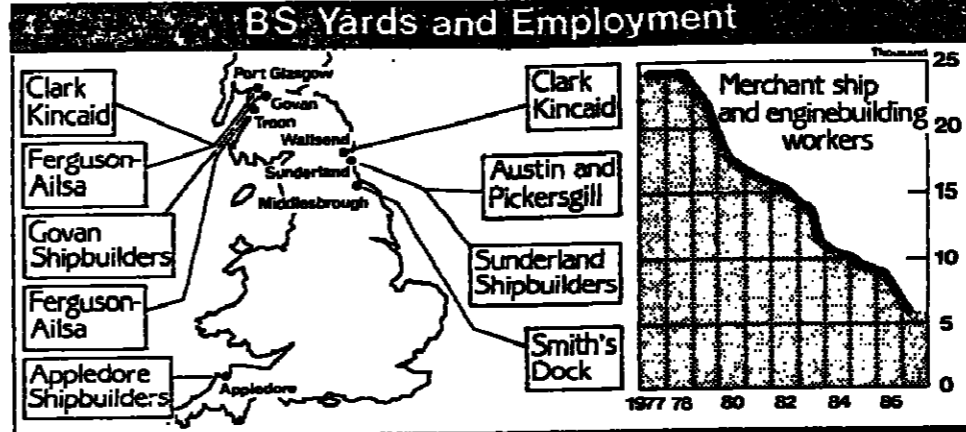
BS is closing three facilities altogether and cutting the labour force at six others. By the end of the year, Smith's Dock in Middlesbrough, in north-east England, now employing nearly 1,400 people, will no longer build merchant vessels.

The yard, though not one of BS's most modern, had built up a reputation as a successful and efficient shipbuilder. But BS has decided that it now needs only three big yards, Sunderland Shipbuilders and Austin and Pickersgill on the Wear, north-east England, and Govan on the Clyde, Scotland.

It will also have two small yards, Appledore in Devon and the Port Glasgow yard of Ferguson-Ailsa on the Clyde. The latter's Troon yard on the west coast of Scotland is to close. BS last closed yards two years ago, though there have been large-scale job losses since then.

Henry Robb at Leth in Scotland, Goole Shipbuilders on Humberside and Clelands on the Tyne were the last yards to close. They were small yards which had run out of work.

Mr Paul Channon, Trade and Industry Secretary, denied that the UK merchant industry was on the



brink of closure. He said in the House of Commons yesterday: "Orders are simply not there to be won." He noted that other European countries such as Sweden had also had to decide on yard closures.

In its last financial year to March 31, 1985, BS achieved only a tenth of its order target of 200,000 compensated gross tonnes, a measurement that takes account of both the size and work content of vessels.

The Govan yard hopes to win orders for container ships from China. It will complete early next year its £40m North Sea ferry for Peninsular and Oriental Steam Navigation (P&O). Sunderland Shipbuild-

ers has built one sophisticated offshore vessel for Stena of Sweden and will finish a second at the turn of the year.

The maritime environment against which yards have to exist is the fiercest the industry has seen. In the past year, such leading shipping names as Sanko of Japan and C. H. Tung of Hong Kong were forced by the size of their debts and the lack of adequate earnings to turn to their banks for rescue.

World shipowners, bullish in the past about cargo prospects, ordered too many ships for present demand. Freight rates have slumped and companies have come under in-

creasing financial pressures as the recession has continued.

In a bitter comment on the state of British shipbuilding, the Trades Union Congress (TUC) said the Government's obsessions with privatisation and public sector borrowing "have driven yet another nail into the coffin of British industry."

It called the redundancies and closures, which also affect the Wallsend (Tyne) plant of engine-builder Clark Kincaid, though not its Port Glasgow operation, a tragic blow for the workforces and communities.

The Government should be backing this vital industry in the

way our competitors do, not destroying it," the TUC said.

In continental Europe, however, governments are trying to meet the same difficulties faced by BS. In West Germany, heavy capacity cuts and closures have occurred. Other EEC countries have followed suit.

Further reductions are planned in Japan and even the South Korean Government regards shipbuilding as a sector with too many problems and less of a future than high-technology industries.

Not affected by the latest BS cuts is Harland and Wolff of Belfast, the yard is also state-owned but not part of BS. It, too, has been shedding labour and boosting productivity. Its workforce of about 5,000 people will be similar to that of BS after the latter's job losses.

Since the mid-1970s, EEC shipyards, subsidised to cut the cost gap with the Far East, have lost about 60 per cent of their labour, a drop from 206,000 to 90,000 people. New ship prices have fallen sharply in recent years and world order books are a quarter of their early-1970s peak.

It is a far cry from the days when Europe was among the leaders in shipbuilding. Sweden was the second largest shipbuilding country in the early 1970s. Back in the 1950s, the UK still had a 20 per cent share of the world market. Today, its share is minimal.

# BCal prepares to clip its wings

BY LYNTON McLAIN

IT IS beginning to look as if the end of an era of growth and a dilution of ambition is in sight for British Caledonian Airways (BCal), Britain's biggest independent airline.

It is to make a statement of its future plans this morning in the wake of competitive and other pressures in the civil aviation market and the continuing speculation that BCal and the International Leisure Group (ILG), whose interests include the Intasun holidays business, may form close business links.

The airline, like its competitors has been hit by excess capacity on the north Atlantic and by the decline in the number of US visitors to Europe in the face of terrorist threats.

BCal faces fierce competition on all its US routes. Three of these, from Gatwick to Houston, Atlanta and Dallas, end in the main bases or hubs of three of the most powerful US airlines, respectively Continental, Delta and American.

These airlines are able to feed passengers from across the US to connect with their own transatlantic flights to Gatwick. BCal has no US hub network to feed its lonely flight back to Gatwick. At one time, Houston was a powerful money-spinner for BCal, where it had the route and the oil industry-related traffic to itself for a while. All that has changed.

In the Middle East BCal has licences to serve Tunis, Tripoli, Riyadh, Dhahran, Jeddah and Dubai. The Libyan service was suspended after the US bombing. The Saudi Arabian services have been hit by the decline in all activity in the Kingdom and by a Saudi law which requires passengers travelling for work on Saudi government-financed contracts to use the national airline, Saudia.

Behind the catalogue of difficulties facing BCal on its existing routes and with its existing plans, lies a tale of frustrated ambition. This goes back as far as 1970 when the present British Caledonian Airways was formed. BCal has long been the David to the Goliath of British Airways, always ready with a loaded sling, but never, seemingly, able to equate in size and air routes with BA.

The plans are the outcome of a boardroom debate. There were disagreements over the nature and extent of talks with ILG. A "balanced view," was eventually taken and the scope of the talks has been widened by agreement among the directors, Mr David Colman, the BCal managing director, said yesterday.

There were no boardroom casualties, but differences of style and ultimate objectives between senior directors could leave in question the future of some older established members, perhaps those who feel that the days of BCal as a fully-independent, private airline are not yet numbered.

In prospect in today's statement is retrenchment of airline operations, with possible slippage in deliveries of new aircraft investment and large-scale redundancies in response to tough competitive conditions in the airline market and problems in specific markets served by BCal.

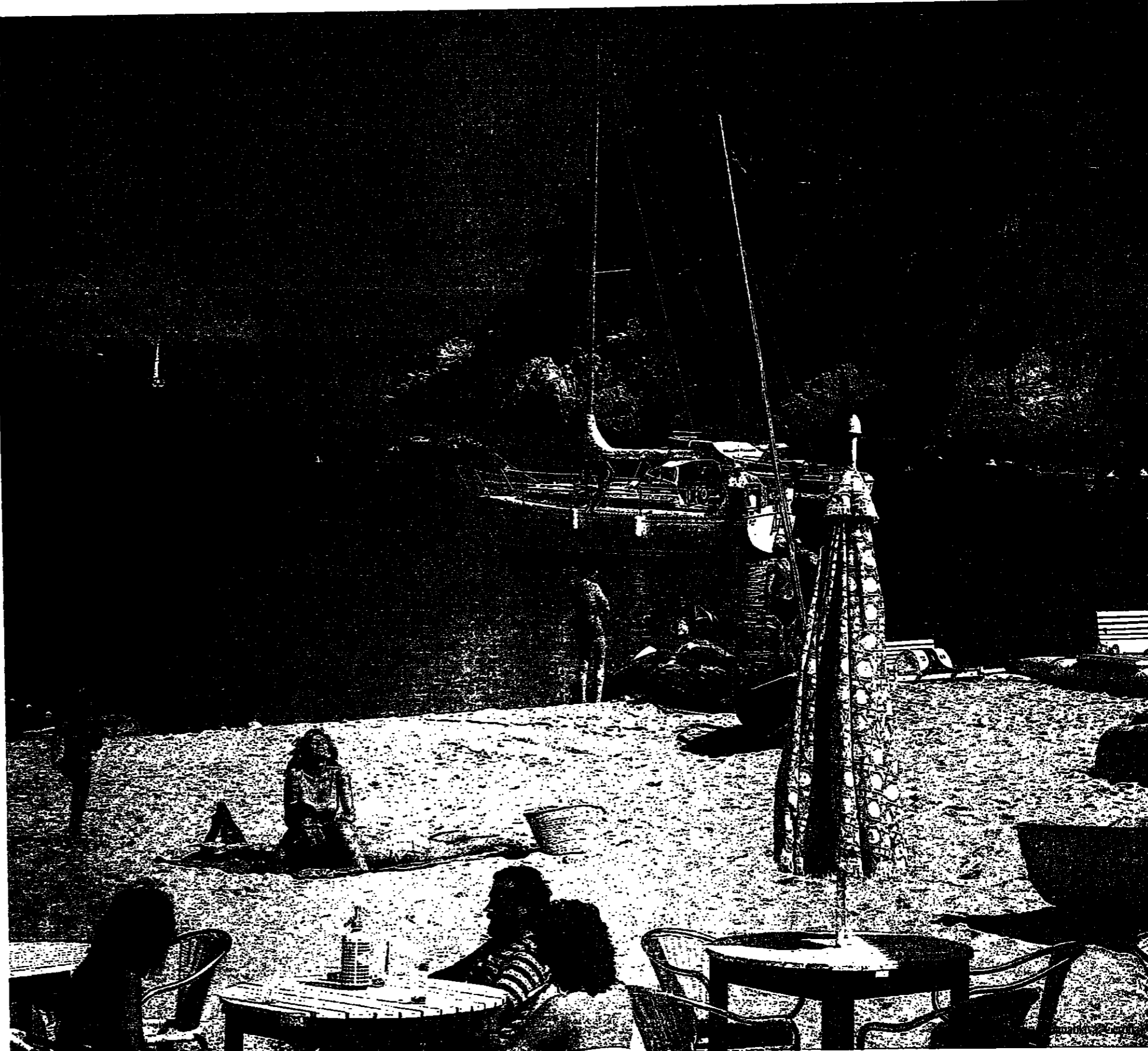
More fundamentally, the airline is likely to acknowledge that its long-standing ambitions to compete on more equal terms with state-owned British Airways (BA), by a major transfer of routes, have been shelved for the foreseeable future because of Government support for BA ahead of its eventual privatisation.

Many of BCal's air routes are losing money. Up to now, BCal had been able to rely on a small handful of routes such as some of the transatlantic ones and routes to West Africa that made regular profits. But even profits on these are now under threat.

"It is not a happy picture on the Atlantic and on routes to the Middle East," Mr Colman said. These routes account for 61 per cent of BCal's airline activity, but "a large majority of routes are not performing as well as we budgeted."

BCal never had any delusions about trying to eliminate BA. Instead it wanted to expand by acquiring BA routes and so make the competition between the two airlines slightly fairer.

The inequality and the struggle to remain viable as Britain's second airline in world markets appear to have taken their toll.



## Two hours and a million miles away.

This is a picture of a playa. And a playa is something quite different from a mere beach.

For instance, any old beach can offer you sand. But the playas—the beaches of Spain—have perhaps the cleanest sand there is. It's cleaned every night.

Life on our clean sand is different, too. After a long, luxurious morning in the sun, you can have lunch at one of the tiny restaurants near the ocean, with an icy pitcher of sangria. And then—after all your hard work—take a well-earned

siesta right on your deck chair, under your striped umbrella. It's quiet enough. Spaniards are soft-spoken, and radios are almost unheard of.

Another difference. In Spain, the night life doesn't quit until the sun comes up. And besides our restaurants and clubs we have some unique casinos. Try the one in the ancient Castle of Perelada. It's rather startlingly beautiful.

Nature did so much for this land. And we make it our business to cooperate with her fully.



Spain. Everything under the sun.

### A BERRY, A SEED AND A ROOT STEEPED IN HISTORY

Juniper berries from Northern Italy, coriander seeds from England and angelica root from Flanders. These are what impart such delicate characteristics to Beefeater gin.

Macerated in pure grain alcohol and then distilled in accordance with the original recipe of James Burrough, the company's founder.

We haven't changed a thing. Not in 170 years.

We're a company steeped in history. We like it that way.

And every time you taste our London Dry Gin, with its fleeting essence of juniper, coriander and angelica—you'll like it that way too.



UK NEWS

CHANGE OF STYLE FOR CAR GROUP'S OPERATIONS Ford reverts to split roles at top

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT
FORD OF BRITAIN has appointed a managing director for the first time in 10 years, a move which emphasises again the change of style for the US group's European operations.

tant post in its European operations. Another important consideration is that Mr Barron, although a British citizen, has spent the past seven years in Ford's South American operations and will be completely out of touch with conditions in the UK.

MPs urge improved links with Moscow

By David Buchan
BRITAIN and its EEC partners should broaden official contacts with the Soviet Union, particularly in view of the "inherent difficulties" in sustaining dialogue between the two superpowers.

Drugs benefit from extra four years of patent protection

BY TONY JACKSON
THE GOVERNMENT is to give an extra four years' patent protection to some of Britain's best-selling drugs. It has been decided to scrap the "licence of right" system, introduced in 1978, by which the owner of a patented drug is obliged to licence it to a generic (unbranded) manufacturer for the last four years of its 20-year patent life.

Metals group may open mine in North Wales

By Kenneth Marston
IMPERIAL Metals of Newcastle is planning to start an underground mine in North Wales to produce copper and other metals. The property is on the site of the old Farys Mountain mine which was last worked in 1920.

Inmos launches rival to big IBM computer

BY ALAN CANE
INMOS, the Thorn-EMI semiconductor manufacturing subsidiary, yesterday launched a rival of the big IBM computer system. The Inmos supercomputer, containing 40 of its revolutionary "transputer" microprocessor chips, is designed for research in parallel processing, a technique for persuading many microprocessor chips to process a workload co-operatively.

MPs urge improved links with Moscow

The problem which faces the UK at the beginning of a new cycle in the relationship, is how best to ensure that future tensions are contained, that those interests which Britain and the Soviet Union have in common are exploited to the full, that distrust is not aggravated by misunderstanding, and the risk of armed conflict, and particularly nuclear conflict, is eliminated.

Biffen moves into line

BY KEVIN BROWN
MR JOHN BIFFEN, the Cabinet minister officially described as "semi-detached" after publicly raising the prospect of a change in Conservative leadership, moved quickly back into line yesterday with a speech praising the achievement of Mrs Margaret Thatcher's Government.

Biffen moves into line

Other Parliament, Mr Biffen did not mention the future of the Prime Minister, or the need for a "balanced ticket" at the next general election. He also avoided any reference to the prospect of a cut to 25p in the basic rate of income tax - an objective announced in this year's budget by Mr Nigel Lawson, the Chancellor.

Euromoney magazine, an independent and unbiased financial publication, has a chart of the best performing managed and currency funds, a copy of which can be obtained by using the not very independent, thoroughly biased coupon below.

O.K. We own up. The best performer was Standard Chartered's Sterling Managed Fund. For a copy of the table (compiled by Lipper Analytical Securities Corporation) and further information, please fill in the coupon and send to Mrs. Corinna Steer, Standard Chartered Fund Managers (C.I.) Ltd, Standard Chartered House, PO Box 122, Conway Street, St. Helier, 50/E, Jersey C.I.

Please send me details of your currency and managed funds. Name: Address: Standard Chartered One of Britain's major international banks

NOTICE OF REDEMPTION

Anheuser-Busch International Finance N.V. 11 1/4% Guaranteed Bonds Due 1990

On June 2, 1986, Anheuser-Busch Overseas Capital B.V., a Netherlands corporation which assumed the payment of the 11 1/4% Guaranteed Bonds Due 1990 (the "Bonds") of Anheuser-Busch International Finance N.V., will redeem all of the outstanding Bonds at a redemption price of their principal amount plus interest accrued to June 2, 1986.

ANHEUSER-BUSCH OVERSEAS CAPITAL B.V. By: Manufacturers Hanover Trust Company, Trustee under Indenture of Anheuser-Busch Overseas Capital B.V. dated as of June 1, 1980

NOTICE OF REDEMPTION

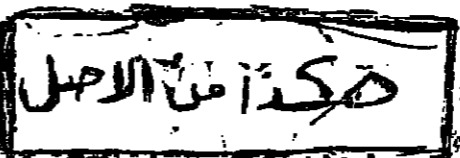
To the holder of bonds payable in United States Dollars of the issue designated AGA AKTIEBOLAG SINKING FUND DEBENTURES 9 1/4% DUE JUNE 15, 1988...

Table with columns for bond numbers and values. Includes entries like 9 1149 2899 4250 5226 5853 8506 7137 7815 8451 9114 9773 10916 11552 15531 17898 18367 12105 23519 24181

Additionally the remaining bonds in the nominal amount of US\$10,000,000 will be redeemed by AGA AKTIEBOLAG at the redemption price of 100% on June 15, 1986, plus accrued interest, in accordance with clause 5(b) of the terms and conditions of the bonds.

For AGA AKTIEBOLAG By Bank of America Int'l S.A. Luxembourg (Principal Paying Agent)





UK NEWS

Hugh Carney measures the political progress - or lack of it - made in the six months since the London-Dublin agreement was signed
Anglo-Irish accord faces test of Ulster Unionists' marching season

NEVER ones to miss an anniversary of commemoration, thousands of Ulster Unionists will be on the march again tonight in Hillsborough, County Down, to mark the signing there six months ago today of the Anglo-Irish agreement which they despise.
The accord affirmed the place of Northern Ireland within the UK, as long as the majority so wished, but gave Dublin a formal say in the province for the first time with officials from the republic based in Belfast.
Six months on, a Unionist campaign to bring down the agreement

has seen considerable violence but failed to dislodge it. On the other hand, there have been expressions of impatience from nationalist politicians, notably Mr Seamus Mallon, deputy leader of the Social Democratic and Labour Party, that the pact has not made faster progress in redressing Roman Catholic grievances.
From the start, the Protestant community regarded the agreement as interference by a foreign state and the first step towards a united Ireland. But their efforts to destroy it have, in the words of Mr James Moynihan, leader of the Official Unionist Party (OUP), reached stalemate.
Public unity between the OUP and the Rev Ian Paisley's Democratic Unionist Party (DUP) persists. But the politicians have failed even to carry out their own threats of action and under the surface are divided.
They won the backing they sought in January by-elections precipitated by themselves, but embarrassingly lost Newry and Armagh to Mr Mallon.
In February, Mr Moynihan and Mr Paisley accepted talks with Mrs Margaret Thatcher, the UK Prime

Minister, then abruptly pulled out when hardliners at home furiously rebuked them. More talks with government officials petered out last week as London refused to meet the Unionist demand for a temporary suspension of the accord.
The breakdown coincided with growing evidence of splits within the Unionist camp over whether to pursue full integration within the UK, as favoured by Mr Enoch Powell and other prominent OUP leaders such as Mr Robert McCartney, or devolution, which the DUP wants.
Promised moves to boycott parliament and to make the province ungovernable have amounted to little. Instead, street protests such as a one-day strike on March 3 and an Apprentice Boys march in Portadown on March 31 have sparked serious violence in which loyalists attacked the mainly Protestant Royal Ulster Constabulary as never before and launched sectarian attacks on Catholics.
The agreement is still in place. But with the Unionist politicians effectively withdrawing from the scene for the summer, both governments know that a hard test is likely at street level during July and August when hundreds of traditional Protestant parades are held.
Leaders of paramilitary groups such as the Ulster Defence Association and newer organisations like the fundamentalist Ulster clubs regard the "marching season" as the time to use their muscle. Co-ordinated leadership of these hardliners, such as emerged to bring down the Sunningdale power-sharing agreement in 1974, has not coalesced yet and may not do so, but they are encouraged by the instability they caused during March and April.
The intergovernmental conference set up under the accord, among other things to consider measures to reduce nationalist alienation, has met five times. So far, it has produced little.
The Irish side has been pressing for changes in the non-jury "Diplock courts" and an end to "su-pers" trials - the trials based on informers' evidence under which only Catholics remain in jail. Another nationalist demand is for reforms of the predominantly Protestant Ulster Defence Regiment, particularly that all its patrols which come into contact with the public should be accompanied by police to guard against maltreatment.
While these subjects are being discussed by the conference, concrete results have yet to emerge. Likewise, a promise that a code of conduct for the RUC would be introduced "as soon as possible in 1986" and advances would be made on extending the Irish language and allowing freer public display of nationalist insignia, have not been forthcoming.
Both Governments say these things take time, but the risk is that the conference will gain a reputation among nationalists as being no more than a talking shop.

Leyland truck range aims at Third World

BY JOHN GRIFFITHS
LEYLAND TRUCKS has spent nearly \$5m to develop a new range of trucks aimed specifically at cash-short and cost-conscious Third World export markets.
The Leyland Comet and Super Comet ranges, in gross weights from 9 to 24 tonnes, will replace eventually six current Leyland export models: the Landmaster, Terrier, Chieftain, Reiver and Clydesdale.
A key element of the new trucks' design is simplicity, to allow them to be shipped either built-up, or as kits capable of being assembled using even rudimentary facilities in developing countries.
The company has invested \$800,000 in a separate production facility for the trucks within its main Leyland Lancashire assembly plant using 90,000 sq ft of a former engine factory.
The unit has a capacity to produce 96 kits or built-up trucks a week on a single shift. Such is the depressed state of Third World truck markets, however, that initial utilisation will be less than half of this.
Production of built-up units is to be carried out within the Leyland facility in exactly the same manner as if it were an overseas assembly plant. This procedure is to be used both as a way of helping to ensure that any kits despatched are complete, and to eliminate any potential assembly problems at Leyland,

MOVE UP TO ABBEY NATIONAL FIVE STAR INTEREST



Table showing interest rates for different investment amounts: 8.50% for £10,000+, 8.25% for £5,000+, 8.00% for £2,000+, 7.75% for £500+.

Instant access. No penalties.

The interest rates on Abbey National's Five Star Account start high and rise automatically the more you invest - right up to our top rate of 8.50%. You get Five Star interest on all the money in your account, yet access is instant. You can withdraw up to £250 in cash or £15,000 by cheque each day from any Abbey National branch with no loss of interest, no penalty charges and no notice.

If your money now earns less, move it up to Five Star interest at any Abbey National office. Or post the coupon.

Form for requesting Five Star interest, including fields for name, address, telephone, and signature.

ABBNEY NATIONAL FIVE STAR ACCOUNT

Advertisement for East Rand Gold and Uranium Company Limited, including registration details and contact information for Johannesburg and London.

Advertisement for Tenneco Inc, Houston, Texas, mentioning a 1986 dividend of 76c per share.

Large advertisement for Philadelphia £164 one way TWA flight, including promotional text and TWA logo.

THE MANAGEMENT PAGE: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

The UK shaver manufacturer is tackling Gillette head on. Feona McEwan reports

Wilkinson's duel of words and blades

THERE'S nothing like a spot of boomer in the form of comparative advertising of rival products for stirring up the marketing pot.

For five years, British consumers have been spectators at the duels-on-the-lawn as Qualcast (which fired the first salvo) and Flymo pounded up and down the turf in the battle for control of the power lawnmower market.

Now the spotlight turns to another battle of the blades as Wilkinson Sword takes a pot shot at Gillette, in the struggle for control of the systems sector of the UK shaver market.

the rival Wilkinson product (Profile). The marketing world now awaits Gillette's reply.

Knocking copy, as it is known, is still exceptional in the UK (less so in the hard-hitting US) where a softly softly approach to pushing products is regarded as more in tune with British sensibilities.

Nonetheless, direct attacks on the competition by way of unfavourable comparisons are above board in the UK, provided they toe the line, as expressed explicitly in the codes of the Advertising Standards Authority (for press work) and the Independent Broadcasting Authority (for television commercials).



wars and sparks flew in 1983/84 when gas challenged electricity, drawing howls of protests from the Electricity Council and the Electric Home Bureau.

observers express concern at the Wilkinson strategy, on the grounds that in taking on a giant like Gillette it is fighting itself into a corner, especially given Gillette's imminent new product launch, Contour Plus.

rest to Wilkinson. In the total UK shaver market the breakdown is Gillette about 45 per cent, Wilkinson about 30 per cent and the rest 24 per cent, according to Richard Bate, Wilkinson Sword's managing director (UK shaving).

NOW HERE'S a conundrum: Do you know the name of a British company which produces 250m batteries a year—more than the entire population of the United States?

No? Then what about an American company which has made office chairs to seat every office worker in Britain, France and Germany?

No idea? Then what about an American company which has made enough Frankfurters to stretch around the world three times?

The answer in each case is Hanson Trust, the diversified British holding company which also has a major presence in the US through its subsidiary, Hanson Industries.

The statistics are taken from the script of a factual corporate advertisement for Hanson currently being shown several nights a week on prime time British television.

At first sight, the most fascinating conundrum of all may appear to be the very existence of the advertisement. For one thing, Hanson Trust is a company with a reputation for being run on a very tight budget and an expensive television self-promotion does not fit this austere image. Secondly, the

timing might appear odd, for the advertisements began appearing just a few weeks after Hanson won Britain's biggest ever takeover battle—the £2.6bn fight for Imperial, the tobacco, food and brewing business. Is not this a case of bringing on the cheerleaders after the game is over? What is Hanson up to?

Hanson says the answer is simple. The campaign was meant to appear in the final few weeks of the Imperial bid and help tilt the battle its way. But the three-way tussle for Imperial, which could have run until the end of April, ended several weeks earlier than expected when United Biscuits, the other contender, decided on a game of sudden death. The result was that Hanson's film came too late. But having seen the finished product, and liking it, Hanson decided to go ahead anyway and screen it.

The advertisement takes the form of a tongue-in-cheek exchange of boasts between a publicist Briton (actor Denholm Elliott), who sings the statis-

tical praises of an unnamed great British company, and an aggressive American (actor Joe Don Baker) who does the same for a US company. The denouement is the realisation that they are both speaking about the same company "Hanson Trust," says the punchline, "a company

The advertisement was the creation of Lowe Howard-Spink Marschall, which was brought in to handle Hanson's advertising during the bid, rather than Allen Brady & Marsh, which it had used before and which still has Hanson's Ever Ready batteries account. (ABM, incidentally, has just been taken over by Lowe Howard-Spink.)

The campaign will only be shown on British television and Hanson has yet to decide how long to keep it running. It also refuses to disclose the cost.

It is the biggest television campaign mounted by the company, but it is not the first. TV advertisements have appeared on occasion in the past, such as one pegged to last year's interim results.

He denies that it was in any way a reaction to the strong

The UK based group is revealing its two selves on TV. Martin Dickson explains why

from over here [Britain] that's also doing rather well over there [the US].

Humour." Television advertising to boost a company's general image is becoming more common in takeover battles—though the Independent Broadcasting Authority does not allow advertisement specifically linked to a bid. For example, Guinness produced a campaign playing on its "genius" slogan in its recent successful bid for Distillers, the drinks business, while both protagonists took



Actor Joe Don Baker parades the American achievements

gree of corporate advertising, mostly in the press, for the past nine years. "We have always felt that Hanson Trust, being the sort of company it is, needs some explaining," says Taylor.

"We're not a one-product company and we have tried to use corporate advertising to explain our philosophy, and what we're involved in. And there's value in creating a sense of identity in the group, particularly if it can be done with a sense of

humour." Television advertising to boost a company's general image is becoming more common in takeover battles—though the Independent Broadcasting Authority does not allow advertisement specifically linked to a bid.

For example, Guinness produced a campaign playing on its "genius" slogan in its recent successful bid for Distillers, the drinks business, while both protagonists took

fashioned and passive compared with innovative, dynamic Gillette.

The sector had become clichéd, with advertising that featured bearded young men shaving or else took the pop video approach, which, says Fraser, was fine but did not urge people to switch brands.

Comparative advertising was seen as the way to "shake the tree," break the spathy in the sector and make people sit up and consider Wilkinson as a more dynamic light. The more dynamic light, says Fraser, is more dynamic light. The more dynamic light, says Fraser, is more dynamic light.

So far, just four weeks into the campaign (which includes two television commercials) it is too early to see results in sales terms, says the company. But trade response is considerable. "People are talking about the advertising," says Fraser.

At this stage the comparative advertising strategy is UK only. "We're at a different stage of the marketplace in the US," says Bate, "Some 10 years ago we had over 10 per cent there but we let it slip and now have less than 1 per cent. So our US advertising is a more straightforward new product style, getting the brand name across and describing product benefits."

When in February the agency took on the account (which had moved three times in four-and-a-half years), "the name on the world's finest blade," as Wilkinson claimed, had a name for quality, but was seen as old-

Marketing abstracts

The "Over-Forties." C. Lakusch in Marketing ZFP (Fed Rep. of Germany), Aug. 1985 (9 pages; in German, English version available).

Maintains that the "over-forties" must be seen as a target group separate from the youth and grey markets; these consumers are not fighting against getting older (which to them means getting more mature and more attractive); they do not respond to the lure of "staying young." But they pitch their demands high as regards product quality.

The new Demographics. V. A. Zeithami in Journal of Marketing (US), Summer 1985 (12 pages).

Concludes that supermarket retailing strategies based on a typical household of working father, housewife, and two children are now thoroughly out of date, because of the increase in single-person households, more elderly people and working wives. A survey of shoppers stresses these new demographics, pointing to the importance of considering these groups' needs.

Motivating salesperson work performance. P. K. Tyagi in Journal of Marketing (US), Summer 1985 (11 pages).

Reports research into the relative influence of certain job dimensions, eg. skill, variety, and autonomy and leadership behaviour on salesperson work motivation and performance; identifies extrinsic (rewards, bonuses) and intrinsic (job importance, task identity) motivators, and desirable leadership behaviours (eg. trust, support, goal emphasis). Concludes that motivation/performance is more strongly influenced by job redesign than by emphasising leadership behaviour.

Lead Effects in Advertising and Marketing Decisions. P. Doyle and J. Saunders in Admap (UK), Dec. 1985 (4 pages).

Defines lead effects of sales promotions as those sales influenced before the campaign starts; identifies their sources — supply-induced, consumer expectations, and competitive deterrent tactics; presents a case study illustrating their impact, and explores how their negative effects on campaign profitability can be reduced.

These abstracts are condensed from the advertising journals published by Admap, Marketing Publications. Licensed copies of the original articles may be obtained at a cost of 95 pence (including VAT and postage with order) from Admap, PO Box 23, Wembley HA9 6DU.

Now you've filled it in, take a long hard look at what it represents for your advertising budget.

£10,000 could well tip the balance between not making a television commercial and making one. And we'll be happy to substitute the real thing for the replica shown below.

All you need to do is make sure you apply for a TVS Commercial

Production Incentive. It's a scheme designed to show advertisers that the most powerful selling medium isn't necessarily the most expensive. Of course, there are one or two conditions. First, your commercial must be for a product or service which has not been advertised on television in the last two years.

And second, you must air your commercial in the TVS region before anywhere else, spending at least £60,000 nett over a period of 36 weeks.

(If you prefer, you can limit your campaign to TVS Channel 4, spending £30,000 over 36 weeks and we will send you a cheque for £6,000.)

The Production Incentive apart, there are plenty of other good reasons for advertising on TVS.

Our region (the South and South-East) has the highest proportion of high-spending ABC1 consumers outside London.

And we offer discounts on test marketing projects.

What better incentive for making a TV commercial?

Call John Fox on 01-828 9898 and he'll fill in all the details.

If you can't quite afford a TV commercial, fill in the coupon.

TVS coupon form with fields for name, address, and amount, and a signature line.

Handwritten Arabic text at the bottom of the page.

THE ARTS

Nordic painters/William Packer

Surprising lights of a summer night

If it's Thursday, it should be Sweden. I have just returned from a tour of five countries in a little over a week. I wanted to see as much as possible of the art of the Nordic countries...

And various discovery and surprise. They were also triumphantly allied, and a number of important and general truths were demonstrated on the way.

common not just to Norway but to all the countries of the far North. Here was an artist of his time and place, albeit of a most extraordinary kind.

And now, at the turn of that decade, comes in that general preoccupation with the evening light, blue and purple over the water, and the evocation of the gentle melancholy of the long, northern, midsummer evening that is not yet night.

Arriving in Stockholm by boat, slipping through the archipelago in the dawn as the mists clear, is memorable enough, but to have spent a long evening at Thingvellir, Iceland's sacred place, where the parliament met on the remote hillside in the open air over nearly a millennium, is unforgettable.



Maria Ewing as Carmen

New York Opera

Andrew Porter

I didn't see Glynedebourne's Carmen last year. Its amplification for the huge Met stage has been given a rough ride here, the harshest words being accorded to Maria Ewing's heroine.

in voice and appearance to match so mercurial a young Carmen. He has long since renounced melting soft tones as an expressive device, but there was passion in the sound of the final scene.

The Aida revival that I saw the day before was brainless and boring. The scenery, 10 years old, has always been ugly and ineffective.

Balanchine ballets/La Scala, Milan

Freda Pitt

Patricia Neary, who has been in charge of the ballet company at La Scala since the beginning of the year, has been reproducing Balanchine's ballets in Western Europe for some years.

communicated the exhilaration without which the work remains a mere technical exercise. Francesco Selenio is one of the most promising of the Scala's young soloists, but a role as exposed as that in Ballet Imperial requires a confidence and a nobility of comportment that he cannot yet command.

the Scala reproduction was entrusted to Richard Tanner, who obviously brought to the work conscientiously, but without quite conveying the heart of the work.

Paddy and Sylvia pay an unexpected holiday visit to a hotel on a small Greek island in the days of the Colonels. Dick Edwards, the author of this play, uses them only as sounding-boards in his sketch of what life under the Colonels could be like.

her husband is in a drunken coma. Worse is to follow. Offstage, we hear the sound of battery and cries: Michalis turns on Nana's body and parks it on the terrace. When Yannis sees her, he claims that the only way to ensure that she is really dead is to rape her, which he begins to do until Melina intervenes. Then Michalis shoots his mother dead.

Looking for the World/Cardiff

B. A. Young

An old woman beggar, Nana, is constantly at the hotel, hoping to be taken in by the night march is over and the British out of the way. Michalis gives his father an appalling account of the cruelties in his training, which consists mostly of mutual beatings up in the hotel.

William Maxwell plays Yannis with a curt brutality that makes you wonder how his nice wife Melina (Mary Ellen Ray) could have stood him so long. Andrew Phylactou, as Michalis, is confined to the briefest talk until he has the long speech about his training. This he delivers without emotion.

The Play's the Thing/Cambridge

Antony Thorncroft

P. G. Wodehouse is not the century's most famous playwright. The Play's the Thing helps to explain why. He adapted a plot by the Hungarian dramatist Ferenc Molnar and had a Broadway success with it in 1928.

heroine. She is overheard by her young fiancé encouraging an old lover—but, of course, they are just rehearsing an entertainment. The play is all flimsy and whimsy and the Cambridge Theatre Company do not seem too convinced that it is worth their effort.

other. Leslie Randall as the matchmaker gives up half-way. The star attraction is the set designed by Poppy Mitchell, a quite convincing Italian Riviera castle interior in a lighted style to The Play's the Thing which justifies its revival and although lovers of Wodehouse will find few signs of his comic genius there are enough references to aunts and deft touches in the plotting not to doubt its authenticity.

Luís Lima was the Don José of the first two performances. I heard the third, at which Plácido Domingo took over. He has long been admirable in the role, and was impressive again—though somewhat too mature

Eclectic line-up for Proms

The Proms, the greatest musical festa in the world with 60 concerts crammed into eight weeks, is its usual eclectic self this year, the last programme devoted to the music of the Proms—choral music. Also on offer will be Walton's Belshazzar's Feast (July 23, conducted by Previn); Berlioz's Grande messe des morts (August 3, with Sir John Eliot Gardiner as conductor).

Project's staging of Monteverdi's Orfeo. Glynedebourne Festival Opera, under Haitink, brings Simon Boccanegra to the Proms on August 17 and there will be a rare chance to hear Dallapiccola's "protest" opera Il prigioniero.

Saleroom/Antony Thorncroft

Impressionist jackpot

Sotheby's had a spectacularly successful sale of Impressionist and Modern pictures in New York on Tuesday night, bringing in £20,219,551 with just 7 per cent unsold. This is the market which attracts the big money, both investment and genuine collecting, and the strong demand will have reassured the international art world, which has had its doubts in recent months.

Guggenheim Foundation in New York, made £820,512. Sotheby's also had successes in Geneva, disposing of the jewels of the late Countess Mona Bismark for £2,750,000. Mousaieff, the dealer, paid £966,666 for a diamond ring by Cartier with a stone of 31.77 carats and £258,596 for her favourite pearls, two rows, 70 pearls in all.

Arts Guide

Table listing art exhibitions and events across various cities including London, Paris, Brussels, and Vienna, with dates and descriptions.

Table titled 'BASE LENDING RATES' listing various banks and their interest rates for different types of loans.

**FINANCIAL TIMES**

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Thursday May 15 1986

**Banana skins in Australia**

THE Australian Government's dash for economic growth was always a risky strategy. Now it has been caught in a downpour. A steeply rising external deficit and a sharp fall of the Australian dollar has prompted Mr Paul Keating, the Federal Treasurer, to warn that the country is drifting into the status of a "banana republic."

This is a rhetoric designed to frighten the left wing elements of his Labour party into accepting the substantial cuts in public spending which are needed to balance Australia's accounts.

However, the phrase does point to the rather alarming rise in Australia's external debts, as its terms of trade have deteriorated while world markets for primary products which account for 80 per cent of Australia's exports weakened.

Australia's plight was brought sharply into focus on Tuesday by news that the current account deficit had widened to A\$1.48bn, bringing the total deficit in the first 10 months of the fiscal year to A\$2.1bn. By the middle of this year, gross external debts will have risen to about A\$82bn, so that Australia will need to earn around A\$5bn just to pay the interest on foreign debts.

There are very large numbers and the slide into indebtedness cannot continue indefinitely. After almost three years of rapid expansion, Australia is, therefore, facing the prospect of much slower growth or possibly even a recession.

**Weak markets**

This would be a sad conclusion of a remarkable economic experiment. Mr Hawke's Labour government appeared to be succeeding for a time, while Europe was falling in a haze towards higher employment, without creating a havoc of inflation.

In the last three years, employment rose by 10 1/2 per cent while unemployment fell steadily. The economy grew by nearly 7 per cent in 1984 and 4.7 per cent last year, fuelled by an expansion of the public sector, while inflation remained fairly subdued at 6.3 per cent last year. The key to this achievement was the Government's 1983 accord with the trade union movement, which resulted in effective wage restraint.

This was combined with the so-called "trilogy," which was a pledge to prevent taxation, public spending or deficits from rising as a proportion of national output.

This accord was even strong enough to withstand the effects of a 10 per cent devaluation after the Australian dollar was floated. The Government man-

**Wasting disease in shipbuilding**

THE ANNOUNCEMENT of a further 3,500 redundancies in British Shipbuilding will no doubt provoke the usual ritual protests about our seagoing heritage and the importance of taking the long view, but not even the protesters are likely to be convinced. While there is still a market for specialised and naval craft, the building of ordinary cargo carriers is a dead trade for the industrialised world for the foreseeable future.

Its decline has been managed in those countries where it was longest foreseen, notably in Sweden, where a highly modern industry was entirely eliminated as fast as alternative employment could be put in place. It has been managed in Japan—most unusually—where yards short of orders started work on the hope of an upturn, and are cluttered with half-built unwanted hulks.

The British record has been quite good on the negative side. The yards of British Shipbuilders are being pursued by a corporate plan which amounts to self-inflicted euthanasia, and has the effect that the whole nationalised industry is now only a small-to-medium engineering concern. However the positive side, the generation of alternative employment, has of course been far less successful.

**Relative success**

This is not nowadays for lack of effort; Mr Paul Channon yesterday announced a whole series of initiatives through British Shipbuilders' own specialist redeployment agency and through the various established enterprise and community schemes to soften the blow.

He is unlikely, though, to feel much more confident that these efforts will succeed than the protesters in arguing that shipbuilding should struggle on.

It is not really surprising that the present Government, whose philosophy is founded on a belief in the operation of market forces, has been slow to get to grips with what can best be classified as a massive market failure. Earlier, more active policies to tackle regional de-

clined have had a very unimpressive record, often encouraging capital-intensive operations for which there was little economic justification, or subsidising competition with established industries elsewhere. At the end of the day, economic and parliamentary inquiries have found it very difficult to show that any quantifiable benefits have resulted from the heavy investment made.

**Greater rewards**

All the same, major social problems cannot be neglected simply because they have proved intractable; the failure so far argues for more efforts, and a more thoughtful, rather than less, experience of the relative success of some regions—the development of the Scottish electronics industry, and of the considerable improvement in prospects in South Wales following the building of the Severn bridge—is suggestive.

These experiences suggest that the most effective approach in the long run is not the direct "creation" of jobs, but the indirect approach—investment in the infrastructure in its broadest sense. This includes transport and housing; there much has already been done; but it also includes education and training, and the local availability of imaginative financial support.

Strong science and technology departments can spin off effective enterprises, locally managed; and subsidies to encourage financial intermediaries to establish strongly managed offices in the problem regions might be much more rewarding than the same subsidies in support of investment in branch enterprises.

As a first step, though, the Government should surely sponsor an up-to-date study of the British record and of the best international practice in this field. No quick cure is known, but structural adjustment through unaided market forces is inhumanly slow. Meanwhile, the wasting diseases which affect declining industries remain regionally infectious.

**Object lesson**

In these circumstances living standards will almost certainly have to fall. The question is whether this happens by continued wage discipline, or by government-induced recession which would once more send unemployment on a rising trend.

The immediate danger for the Government is that a further depreciation of the currency will kick import prices and inflation up a gear. The economy has fully recovered from the inflationary impulse of the last depreciation. This would widen the external deficit and put the accord with the trade unions under extreme strain, especially if a cut in real incomes were combined with a rise in unemployment.

However, it is more important than ever that Australia should hold on to the competitive benefits of depreciation by domestic demand. This is likely to test the political skills of the Hawke government to the extreme, especially in the run up to an election.

If it succeeds, Australia may be able to hang on to its employment and come through the bleak period ahead with a better record on jobs than Europe. But if the country should be tipped by its present difficulties into an inflationary spiral, it risks becoming another object lesson for right-wing governments on the pace of growth.

**Train of events**

Rodney Bickerstaffe's elevation yesterday to the chair of the TUC economic committee owes much to the fallings of British Rail.

Bickerstaffe, the youthful, left-wing boss of the plant public service union, Nups, could occupy this seat, traditionally one of the most important in the TUC, into the next century.

His victory surprised followers at the TUC's Congress House headquarters, who had expected that behind-the-scenes deals would give the job to Tony Christopher, head of the taxmen's union, who had the backing of the right.

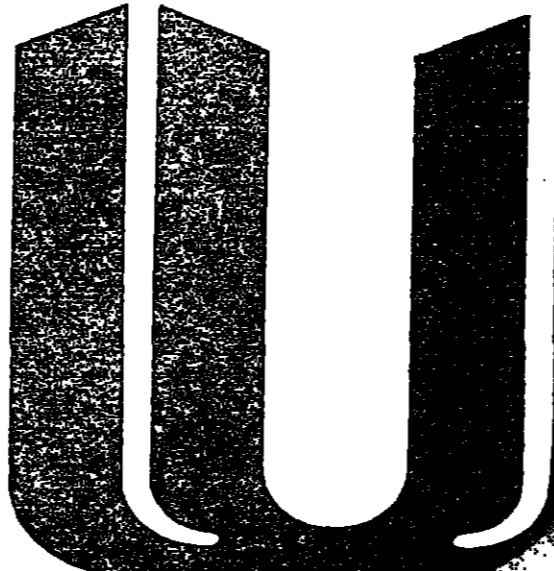
Bickerstaffe's election was by the narrowest possible margin: 9 votes to 8. It was due to the failure of two right-wing members of the committee to turn up on time.

One, Gerry Russell, of the engineering union, was just a few minutes late. The other, Eric Hammond, head of the electricians' union, was very late—thanks to British Rail.

The thoughts of the pugnacious Hammond about BR

clined have had a very unimpressive record, often encouraging capital-intensive operations for which there was little economic justification, or subsidising competition with established industries elsewhere. At the end of the day, economic and parliamentary inquiries have found it very difficult to show that any quantifiable benefits have resulted from the heavy investment made.

**Unilever's new chairman, Michael Angus, talks to Christopher Parkes about the choices facing his company.**



**Unilever lets in a shaft of sunlight**

UNILEVER is coming out of its shell. Mr Michael Angus, newly-appointed chairman of the British end of the Anglo-Dutch soap, food, cosmetics and chemicals combine, is still quite coy about it, but he admits that the group has come to recognise it is living in "a franker environment."

Improving internal and external communications comes close to the top of his list of priorities for his term of office.

Noted among City analysts, investors and the press for its impenetrable ways on the corner of London's Blackfriars Bridge, Unilever is feeling the need to be better understood. "Employees want to know," Mr Angus says. "You have got to explain to people what you are doing to let them know why they should help you do it. It is a function of efficient leadership. People want to feel involved."

The City, too, will share in this new openness. It is not that the company has been misunderstood, he says, rather that it presents a puzzling and complicated entity. Investors and stockbrokers' analysts have become more demanding, pressing for more information and detail about the group's doings.

"There is no merit at all in being mysterious," says Mr Angus.

Accordingly, an interview with the Financial Times, fixed strictly for one hour, promptly stretches to twice that length. Mr Angus, a burly, ruffled man, who took up his post when Sir Kenneth Durham stepped down at the annual meeting yesterday, appears to have strengthened his faith in communication during his spell in the US, where he was sent in 1980 to prevent Lever Bros from collapsing under the drubbing being handed out by Procter & Gamble and Colgate Palmolive.

"My arrival was dramatic and traumatic," he recalls. The group's decision to pick a director and send him over with the simple instruction to put things right was unheard of. His first task was to let the demoralised US workforce know what they were up against.

"I spent half my time communicating. It was important to be high profile," he says. And he remembers a staff meeting where he was asked what Unilever was going to do with its ailing subsidiary, "360m equity and me," he replied.

If the group's decision to send in a fireman director was unheard of, so was his method of dealing with the problems. He promptly brought in teams of experts, manufacturing men, engineers, marketing, experts and corporate specialists from Europe. "They were professionals," he says. "It did not really matter that they did not speak American."

Intervening in this way, Mr Angus overcame a debilitating condition not normally associated with Unilever. It had been overruled by the size of the US market.

"I suffered from the natural humbleness of a European when he looks at the great aggressive market of the US," he notes. Its reaction had been typical of European attitudes, and it had appointed US managers to run its affairs. Unilever failed to appreciate that Lever Bros was not a typical domestic US company. It was up against international competition from its arch rivals, and it needed an international style of management.

The basic problem was that Lever Bros had under-promoted its brands and failed to look after its capital assets. "Volume fell, which does not help unit production costs, and to make a profit the management curtailed costs in the short term, reducing spending on promotion, advertising and research and development," he says.

The margarine business was in such a sorry state that at one stage he believed the company might have to pull out of the market altogether. "The problems were absolutely terrible. Our manufacturing costs were about three times those of our competitors and we had to close the plants."

The local management also entertained "ludicrous" theories about outflanking Procter & Gamble. It had the idea there might be little market niches which P&G had not noticed, he says scornfully. "There is no way of outflanking them. The only solution is to meet them head on."

The results are impressive. After rebuilding the margarin-

business and buying Shedd's a margarine manufacturer from Beatrice Foods in 1984, Lever Brothers now has more than 30 per cent of the US market compared with about 7 per cent when Mr Angus arrived. An aggressive new products programme, P&G-style, has won it market leadership in the bar soap business and major shares in the \$3bn detergent business.

Mr Angus recently said Lever Bros formerly lost money for the wrong reasons. Now he says it is still making losses—but for the right reasons. Unilever as a whole recorded a £13m operating loss in the US in the first quarter of this year. The red ink reflects the investment the company has made in a flood of new products. To introduce a new detergent into the whole US market would cost the equivalent of \$150m, he estimates.

In practice products are launched gradually, region by region.

"Lever Bros is now a cost-efficient manufacturing and marketing company," he boasts. "We have built up the R&D side, doubled the scientific force and put in \$50m of investment. That is possibly the most important thing we have done there."

However, there is still a glaring weakness. Unilever's products division accounts for only 5 per cent of US sales, and is suffering severe losses. Mr Angus blames bad luck and bad judgment for two of its more recent disasters. Dimension shampoo failed miserably because it came to market at the same time as a dozen other new brands. Its toothpaste interests have suffered because it was slow to enter the high-margin pump dispenser trade.

"We were caught on the hop," Mr Angus admits. Dispensers had flopped earlier in Europe. "We failed to realise they would go better in an innovative market like the US."

He suggests two ways of curing the problem. Organic growth is one. "We have a good personal products' business in the rest of the world. There must be ways we can take our skills and exploit them in the US," he says. The company also needs to buy. "Ideally a nice acquisition with weight in the US would fit our strategy. But there's not a lot left," he adds wistfully.

Priced out of its attempt to take over Richardson Vicks by Procter & Gamble—Even if we had been prepared to go up. P&G would probably have paid more," Mr Angus says—the company is still looking. What of Beecham, which press speculation has suggested might be of interest to Unilever? "I can't really comment on that," says

broader. Its agribusiness has plenty of room for growth, he says. Promising work in medical diagnostics could lead to further sideways expansion. He wants a flatter global food business, already sees signs of accelerating sales in the Far East and India, and he seeks more of the prized North American market.

There will also be changes close to the heart of the company. Some are already apparent, according to Mr Angus. "We are very much a businesslike company. In my early days parts of it used to be like the UK," he says, referring to the group's one-time reputation for a rather civil service mentality.

Now, aged 58, Mr Angus joined Unilever as a management trainee, worked in a range of jobs and after service with the RAF. His first company was D and W Gibbs, where he became brand manager for Sun-silk hair shampoo. Marked out early as a high flier he joined the board of Unilever in the UK at the age of 40 as toilet preparations co-ordinator, and became head of the chemicals division before his US posting. He joined the special committee on his return in 1984.

The special committee itself has developed into a more democratic body. He prizes his experiences as the "third man over the past two years during which Sir Kenneth and Mr Florent Maljers, the head of the Dutch end of the group, had allowed him to play an equal part in policy-making.

"This has not always been the case with the third man," he says, attributing the change in attitude to the fact that both his colleagues had themselves endured spells in that relatively junior role. As a result, he had felt himself closely associated with the business down to its core operations, even though it was instituted before he came.

He also felt free to exercise his personality at stressful times. "I was not overbearing, he says he helped reinforce Unilever's determination in its bids for Brooke Bond and Richardson Vicks. "I was able to say let's go out and kill these guys—what do you mean, we can't be hostile?"

Mr Angus has also been pressing for the introduction of more performance-related pay scales—the "division of his salary by four on his return from the US still ranks. The fact that the senior ranks is changing as more younger people come through. For example, at Van den Bergh's, the UK margarine company, the whole board is in its 30s or 40s, he says. The main board is a bit older, he adds. "We may need to do something about it."

The result, he believes, will be a more taxing environment inside the company: "It will be more competitive and exciting than ever before," he adds, jocularly. "I shan't be here," having retired.

Whether the company will have changed significantly is another question. As Mr Angus' predecessors have found, Unilever is a big ship to turn once it is set on a given course.

**Men and Matters**

Other support from the beerage includes Alan Bond's Perth Swan brewery which is to spend A\$6.5m on the event. The Adelaide brewery, West End, is paying A\$400,000 to the Adelaide team which is competing to defend for Australia.

And New Zealand's Lion brewery is buying a hotel in Freemantle—home port for the racing fleet—to provide the New Zealand team with a social centre suitable for drinking the formidable Stein lager.

"It is a heady prospect in Perth."

**Carving a career**

Tony Solomon, aged 66, the new figurehead at the top of S. G. Warburg's growing US financial empire, has been noticeably quiet since he retired from the Federal Reserve Bank of New York at the end of 1984.

Unlike some other international monetary officials who have piled up company directorships on their retirement from public office, Solomon has been rather choosy about the jobs he takes. He is anxious to leave enough time for his other activity—sculpture.

Currently Solomons is working on a 9-foot sculpture that, from a distance, looks like an obelisk. But my man in New York assures me it is more subtle than that.

His interest in art goes back a long time. He dropped out of business life for a while in the 1970s to learn sculpting, an art which he says he has found every bit as difficult and engrossing as being a central banker.

Since retiring from the New York Fed, Solomon has been working away with mallet and chisel and has limited himself to just four fee-paying jobs. He

**Awash with beer**

Yachtsmen are beginning to look peripheral to the forthcoming America's Cup sailing match to be held in Perth, Australia, next February. The beer barons are taking over.

Budweiser of the US, and Fosters of Australia, two of the most competitive international beers in the world, have both announced major sponsorships of the event.

Anheuser-Busch, the brewers of Budweiser, are backing Dennis Comer with more than \$4m. Comer is the helmsman who lost the cup to Alan Bond three years ago.

His Sail America syndicate has trained in Hawaii since 1983 for the next contest.

The brewery studied every one of the six US aspiring syndicates before deciding to back Comer. The sponsorship should free him from money worries in the most expensive sporting event on earth.

Fosters have decided to back the Kookaburra Australian team. The deal is to be on a novel incentive basis. The bedrock sponsorship will be A\$1m. There will be a further A\$1m if Kookaburra qualifies as the Australian defending boat. And if she wins, a further A\$1m will be handed over.

"The defence of the cup is a job for all Australians," says Bruce Siney, executive director of Carlton United Breweries, makers of Fosters, striking a patriotic note.

"Fosters will have an imminent practical and symbolic role to play," he promises.



"Looking at the Defence Estimates—it'll just be you, me and a Sony Walkman Trooping the Colour"

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**Rule book**

When a small business hits trouble, it often has no choice but to take the advice of its venture capital investors.

To put it more directly, as an irate venture capitalist was recently heard to tell one of his problem companies: "It's the golden rule. Those with the gold make the rules."

**Observer**

ECONOMIC VIEWPOINT

A guide to profit-related pay

By Samuel Brittan

There has been a spread of profit-related schemes in recent years. Are the Chancellor's proposals for more of the same? No. The great majority of existing schemes—and the only ones to attract tax concessions (since 1978)—relate to Employee Share Ownership Plans (ESOPs). More than 13m employees are now covered. But such distributions normally amount to a very modest percentage of annual earnings, and is usually paid out once or twice a year at the employer's discretion.

By contrast, the profit-related bonus in the Chancellor's scheme would have to amount to a "significant" part of total pay, probably around 20 per cent. It would be linked to profits per head in a recent period. The proportion of profits going in bonus would vary from firm to firm, but within principles set out in the legislation.

The agreement would last at least three years and cover the great majority of employees. But companies could be split into individual business or profit centres for bonus calculations. What kind of tax incentives does the Chancellor have in mind?

A 20 per cent of pay were profit linked, half might be relieved of income tax altogether. The actual relief would probably be applied to total pay to cushion employees against profit fluctuations. It is estimated to be worth initially 55 per cent on average.

The Treasury is talking of a "temporary" tax relief, implicitly for three years. But if the scheme became popular, and it was accompanied by improving employment prospects, there would be strong pressures to extend the period.

When will profit-related pay (PRP) start? A Consultative Document is likely in July. If all goes well, the scheme will be introduced in the 1987 Finance Bill; and the schemes might start qualifying in the autumn of 1987.

What are the main advantages seen by the Chancellor? He mentioned two at NEDC: Greater employee incentive, leading to better motivation and higher productivity.

Pay would be more responsive to business conditions, reducing the pressure for redundancies in a downturn and giving employees more incentive to hire in good times.

How does the last effect work? Very briefly, compare a firm paying a straight wage of £100 per week with one paying a basic wage of £80 and a profit-related bonus of £20. In the first case an additional worker will only be taken on if he contributes more than £100 to value added. In the second case he will be hired if he contributes £80.

There are obviously second and third round effects. A full explanation is given in Martin Weitzman, The Share Economy, (Harvard, 1984) and there is a good short account in the May Loyds Bank Economic Bulletin, written by Patrick Foley.

If PRP is so beneficial, why does it need a tax relief? Go back to the previous example. In the second case some £20 of the employee's pay is at risk. It can rise if the firm does well, but it can also shrink. The employee is being asked to incur this risk for the sake of those who are unemployed or are at risk of their jobs. (The benefit is called in jargon an externality—i.e. it is external to the worker or his firm.)

Do you, yourself, support profit-linked pay? Up to now it has always been employment which has had to give when companies are in trouble. On the other hand in business upturns (like the present) it has been pay rather than employment which has benefited. The insiders are favoured at the expense of the outsiders.

I would support any of a wide variety of measures to make pay setting more employment-promoting. Spokesmen of the John Lewis Partnership have emphasised that all their profits belong to the employees. PRP does not even go half way down that road. Does it?

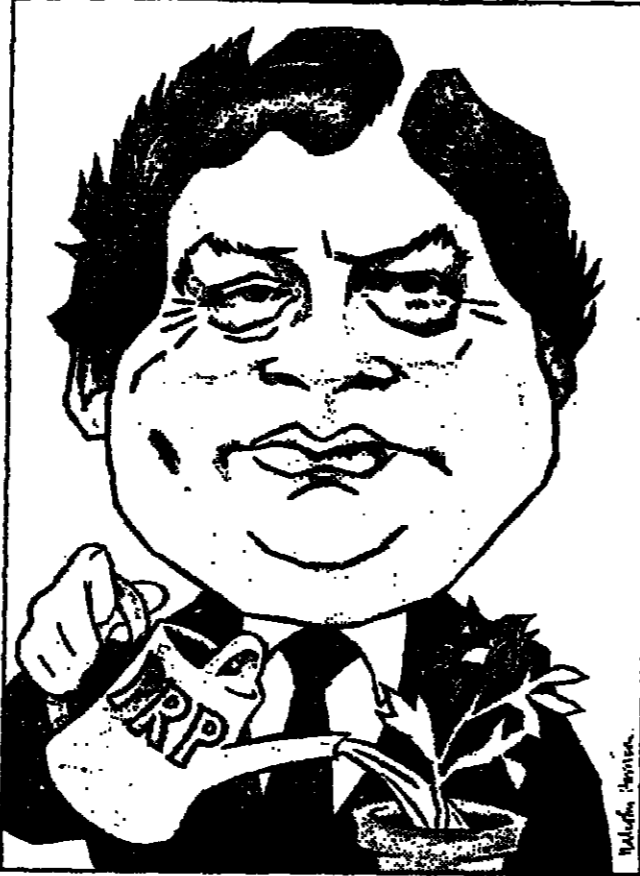
No. The workers own the profits of John Lewis because the founder handed the firm over to them, as Philip Baxendale is in the process of doing with Baxi Heaters.

A quoted public company is not allowed to hand over to its workers more than a very limited proportion of profits, whether by way of cash bonuses or employee shares.

The investor protection committees (i.e. the financial institutions) put a limit on shares handed over to workers each year of 1 per cent of issued ordinary capital or 5 per cent of profits. Company law also protects investors against dilution.

PRP is best thought of as a reform of pay-setting rather than of the ownership or distribution of wealth. It is desirable though both these latter objectives may be in their own right. Public service workers will not be eligible for profit-sharing or the associated tax incentive. Is that fair?

Yes. Because public service workers will not run the same risk of fluctuation in their pay packets. And their employment is, in any case, more secure.



What is likely to be the fiscal cost of PRP and how does it compare with other job-creation measures? The Chancellor's £5 per week figure gives the clue. The gross cost would build up to £1bn per annum for every 4m workers who took it up. Weitzman would argue that the net cost would be zero or negative because of the tax revenues yielded by higher activity and employment. But that is too much like "supply side economics" for my liking.

Letters to the Editor

Exchange rate stability

From the Director, Economic Affairs Directorate, Confederation of British Industry

Sir—Full membership of the European monetary system would not have quite the results suggested by Bryan Gould (May 7).

The objectives of full employment and industrial regeneration are entirely compatible with Britain's entry to the exchange rate mechanism. Indeed, each entry is now a prerequisite for their attainment.

The advantages to Britain's export trade of exchange rate stability are not simply assumed. CBI members have frequently said they can live with any reasonable exchange rate so long as it persists over a period of time.

Export markets require substantial forward investment in the form of research and development to adapt products of foreign markets, the establishment of overseas sales networks and the installation of additional productive capacity to supply new customers. Each of these requires the investment of considerable capital, often with substantial borrowing costs. Exchange rate fluctuations of between 10 per cent and 15 per cent, as we have seen with the pound and Deutsche Mark in recent months, can make the difference between profitable and unprofitable investment. Besides which, they can eliminate the major gains in productivity that many UK firms are making. A company anticipating substantial exchange rate fluctuations will be less willing to sink capital in export markets.

These facts are not unproven assumptions, but an aspect of the way in which business works. Politicians ignore the ground rules of sensible business practice at their peril.

At present, sterling carries an interest rate premium of between 3.5 per cent and 6 per cent against our main competitors. This gap is twice as large as the existing unit labour cost gap between ourselves and those competitors. It seems markets think this premium is necessary to maintain current exchange rate values.

Full membership of the EMS would give the Chancellor scope to reduce the interest rate premium considerably. That markets would assume that once in the British Government would make strenuous efforts to avoid a realignment of sterling's exchange rate for some considerable time. The commitment to maintain the exchange rate within a narrow band would give investors the assurance that if any of the adverse factors they feared came to bear on sterling, UK interest

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Sir—Full membership of the European monetary system would not have quite the results suggested by Bryan Gould (May 7).

The objectives of full employment and industrial regeneration are entirely compatible with Britain's entry to the exchange rate mechanism. Indeed, each entry is now a prerequisite for their attainment.

The advantages to Britain's export trade of exchange rate stability are not simply assumed. CBI members have frequently said they can live with any reasonable exchange rate so long as it persists over a period of time.

Export markets require substantial forward investment in the form of research and development to adapt products of foreign markets, the establishment of overseas sales networks and the installation of additional productive capacity to supply new customers. Each of these requires the investment of considerable capital, often with substantial borrowing costs. Exchange rate fluctuations of between 10 per cent and 15 per cent, as we have seen with the pound and Deutsche Mark in recent months, can make the difference between profitable and unprofitable investment. Besides which, they can eliminate the major gains in productivity that many UK firms are making. A company anticipating substantial exchange rate fluctuations will be less willing to sink capital in export markets.

These facts are not unproven assumptions, but an aspect of the way in which business works. Politicians ignore the ground rules of sensible business practice at their peril.

At present, sterling carries an interest rate premium of between 3.5 per cent and 6 per cent against our main competitors. This gap is twice as large as the existing unit labour cost gap between ourselves and those competitors. It seems markets think this premium is necessary to maintain current exchange rate values.

Full membership of the EMS would give the Chancellor scope to reduce the interest rate premium considerably. That markets would assume that once in the British Government would make strenuous efforts to avoid a realignment of sterling's exchange rate for some considerable time. The commitment to maintain the exchange rate within a narrow band would give investors the assurance that if any of the adverse factors they feared came to bear on sterling, UK interest

Advertisement for Philips High Frequency lighting, featuring a large image of a man and text: 'This financial director is happy to report a 30% reduction in lighting energy cost. Philips High Frequency lighting is much cheaper to run.'



Vita International Learners in Polymer, Fibre and Fabric Technology BRITISH VITA PLC

FOR BUSINESS CARS & VANS TEL: 0783 44122 COWIE CONTRACT HIRE LTD

Brown, Boveri order intake declines 25%

BY WILLIAM DULLFORCE IN BADEN BROWN, BOVERI'S order intake slumped in value by 25 per cent during the first quarter compared with the first three months of 1985...

Earnings ahead of forecast at Matra

BY PAUL BETTS IN PARIS MATRA, the French state-controlled diversified defence and electronics group, has reported higher than expected consolidated net group earnings of FF 110m (\$15.7m) last year compared with earnings of FF 68m the year before...

WEST GERMAN VEHICLE MAKER FACES ORGANISATIONAL CHALLENGE Daimler to restructure board

BY JONATHAN CARR IN STUTTGART DAIMLER-BENZ, the West German motor vehicle maker, looks set to decide within the next few weeks on a major restructuring of its top management to take account of its recent growth into a broadly based, high-technology concern...

First-quarter upturn for Woolworth

BY TONY DODSWORTH IN NEW YORK F.W. WOOLWORTH, the US stores chain, registered a sharp increase in profits in the first quarter, although the improvement was achieved against a very low figure in 1985...

Hapag-Lloyd profit recovery continues

BY PETER BRUCE IN BONN HAPAG-LLOYD, West Germany's biggest shipping group, has reported a 25 per cent increase in net group profits for 1985 to DM 50m (\$63m), a result that is bound to fuel speculation about its ownership...

Lockheed in search for acquisitions

BY OUR FINANCIAL STAFF BAXTER TRAVENOL, the US pharmaceutical and medical services group, expects earnings for the second quarter and year to be lower than the corresponding figures a year ago...

Baxter warns of downturn in earnings

BAXTER TRAVENOL, the US pharmaceutical and medical services group, expects earnings for the second quarter and year to be lower than the corresponding figures a year ago...

Androsch is reappointed as bank chief

BY PATRICK BLUM IN VIENNA CREDITANSTALT Bankverein, Austria's largest bank, has reappointed Dr Hannes Androsch as its director general and chief executive...

Avery to buy chemical division from Uniroyal

BY PAUL TAYLOR IN NEW YORK UNIROYAL, a leading US tyre manufacturer which was acquired in a \$630m management-led leveraged buy-out last year, said yesterday that it had agreed to sell its chemical business to Avery...

Turnround for CISI after restructuring

BY OUR PARIS STAFF CISI, the computing services company controlled by France's atomic energy commission, CEA, returned to the black last year after major restructuring of operations...

Good results maintained for the UCB Group in 1985 and dividend increased by 8%

Programme of investment and research of almost BF3,000 million in 1986.

Statement by the Chairman In an economic environment more difficult than that of 1984, the total profits of the UCB Group after tax reached BF1,376 million in 1985, compared with BF1,360 million the previous year...

Table with 3 columns: 1983, 1984, 1985. Rows include Group net sales, Numbers employed at 31st December, Cash flow, Value added, Capital expenditure during the year, Research expenditure, Finance and loan charges, Profit before tax, Profit after tax, Profit after tax as a percentage of own funds, Shares of UCB in own funds, cash flow, profit after tax, Price range of UCB S.A.'s ordinary share, AVF share, Number of shares in UCB S.A. at 31st December.

Gerber performance hit by bad publicity

BY OUR NEW YORK STAFF GERBER PRODUCTS, the US baby foods group, yesterday cited recent "unfounded adverse publicity" surrounding a string of unsubstantiated reports about glass fragments found in some Gerber baby food jars to explain a sharp 29 per cent decline in its fiscal fourth quarter profits...

Kodak steps up dividend to 63 cents

BY OUR NEW YORK STAFF EASTMAN KODAK, the world's largest maker of photographic products, is to raise its second-quarter dividend to 63 cents a share from 55 cents. The move reflects the company's decision to end its previous practice of paying an extra dividend at the end of the year...

Gerber performance hit by bad publicity

Gerber said its earnings were affected not only by the publicity surrounding the reports - which has now subsided - but also by a necessary increase in promotional expenses designed to restore temporary loss of market position and customer confidence.

The Annual General Meeting will be held on Tuesday, 10th June, 1986, at 11.30 a.m. at the registered office, 320 Avenue Louise, 1050 Brussels. The Annual Report in French, Dutch or English, will be sent, free of charge, on that date to those sending a request for it to the Public Relations Department.

INTL. COMPANIES & FINANCE

PHIBRO-SALOMON INC  
has changed its name  
effective May 7, 1986 to...

SALOMON INC

N.Y.S.E. Ticker symbol: SB

Salomon Brothers Inc, Phibro Energy, Inc. and Philipp Brothers, Inc., our operating units, will continue to engage in the international trading of securities, crude oil and oil products and other commodities under their own time-honored names.

Texas Air clears way for Eastern acquisition

BY TERRY DODSWORTH IN NEW YORK

TEXAS AIR, the US airline group, has cleared the way for completion of its proposed acquisition of Eastern Airlines with the sale of airport take-off and landing rights in New York, Boston and Washington.

The rights to operate on the east coast routes are being acquired by Pan American, mainly known for its transatlantic operations, for \$65m. Texas Air's decision to sell was immediately supported by the Justice Department, which said that the deal "alleviates all the potential anti-trust problems" posed by the proposed merger of Eastern and Texas.

The US Transportation Department has the final say on mergers

in the airline industry, and is still considering the proposed takeover of Eastern. However, the Justice Department could have intervened to object to the deal on anti-trust grounds, and is believed to have been considering such a move because of the strong position of both Eastern and Texas Air's subsidiary, New York Air, on the east coast routes.

In the deal with Pan Am, Texas Air agreed that its subsidiaries would not fly more than 20 round trips between either of the airport pairs in the 18 months after the Pan Am service began, to allow the rival airline to establish itself on the routes.

Weston may not meet 15% growth target

BY ROBERT GIBBENS IN MONTREAL

GEORGE WESTON, the major Canadian food processing and distribution and resource products group, says it will find it difficult to achieve its target 15 per cent increase in profits this year because of slower economic growth and constrained consumer spending.

The resource businesses, including packaging and pulp and paper, were strong in the first quarter, offsetting some weakness in food processing. Overall first-quarter sales were up around 11 per cent, operating income up 5 per cent and earnings up 12 per cent to about C\$1 a share.

The company said an increase in quarterly dividend from 47 cents to

50 cents reflected good investment opportunities and the strength of the business overall. Capital investment is being concentrated in the large combination plant, in order to keep the distribution side fully competitive.

Laurentian Group, the publicly quoted financial services arm of Laurentian Mutual Insurance of Quebec, plans to buy Eaton Financial Services from the Eaton's of Canada department store group for C\$85m (US\$62m) in stock and C\$16m cash.

Laurentian plans to operate Eaton Financial Services as a separate unit, adding some of its own products to Eaton's.

All of these securities have been sold. This announcement appears as a matter of record only.

April, 1986



NEW WORLD PICTURES

1,500,000 Shares

Common Stock

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

- ALLEN & COMPANY
- DILLON, READ & CO. INC.
- E. F. HUTTON & COMPANY INC.
- PRUDENTIAL-BACHE
- SMITH BARNEY, HARRIS UPHAM & CO.
- BEAR, STEARNS & CO. INC.
- DONALDSON, LUFKIN & JENRETTE
- KIDDER, PEABODY & CO.
- ROBERTSON, COLMAN & STEPHENS
- DEAN WITTER REYNOLDS INC.
- ALEX. BROWN & SONS
- HAMBRECHT & QUIST
- LAZARD FRERES & CO.
- MONTGOMERY SECURITIES
- SHEARSON LEHMAN BROTHERS INC.
- ARNHOLD AND S. BLEICHROEDER, INC.

Weekly net asset value



Tokyo Pacific Holdings (Seaboard) N.V.  
ON 12th MAY, 1986 U.S. \$142.22

Listed on the Amsterdam Stock Exchange

Information: Pierson, Holding & Pierson N.V., Herengracht 214, 1016 BS Amsterdam.

AIBD BOND INDICES

	Yield	Change on Week	12 Months High	12 Months Low
US Dollar	9.256	-0.216	11.530	9.094
Australian Dollar	12.898	0.530	14.630	12.400
Canadian Dollar	10.658	0.188	12.490	10.612
Euroguilder	6.046	-0.739	7.113	6.046
Euro Currency Unit	8.292	1.431	9.710	8.175
Yen	6.308	-0.708	7.280	6.307
Sterling	9.898	1.497	11.932	9.751
Deutschemark	6.521	-0.015	7.380	6.418

Bank J. Vontobel & Co Ltd, Zurich Tel: 812744 JVZ CH

GENERALE BANK 1985 RESULTS

SHORTER NAME ADOPTED

Our name has been shortened to make our Bank easier to identify. Since April 1985, the Bank's international name has been: GENERALE BANK.

Most of our subsidiaries and foreign branches have changed their names to stress their links with the parent company, which in Belgium is called: Générale de Banque - Generale Bank.

GENERALE BANK CONSISTS OF:

The parent company with 12 regional offices and 1170 branches in Belgium, and:  
• subsidiaries in London, Paris and Hong Kong.  
• branches in Cologne, Tokyo, Milan, Singapore, Madrid, New York and Lisbon.  
• large stakes in Banque Générale du Luxembourg, the Belgo-Zairoise Group and

Banque Européenne pour l'Amérique Latine, and around 60 banks and near-bank service companies in Belgium and abroad.  
• representative offices in Mexico City, Tehran, Beirut, Beijing, Sao Paolo, Tokyo, Melbourne, Moscow and to the EEC.

SHARP GROWTH IN ACTIVITY AND GROUP RESULTS

	1985		1984		%	
	BF	USD	BF	USD	in BF	in USD
		rate: 50.3175		rate: 62.90		
(billions)						
Balance sheet total	2,061	40,960	1,940	30,843	+ 6.3	+ 32.8
Customers' deposits	1,105	21,961	1,051	16,709	+ 5.2	+ 31.4
Due to banks	816	16,217	741	11,781	+ 10.2	+ 37.7
Bank loans	570	11,328	527	8,378	+ 8.3	+ 35.2
Private sector loans	750	14,905	787	12,512	- 4.8	+ 19.1
Public sector loans	611	12,143	507	8,060	+ 20.4	+ 50.7
(millions)						
Own funds	35,092	697,411	32,013	508,951	+ 9.6	+ 37.0
Gross profit	21,588	429,036	17,378	276,280	+ 24.2	+ 55.3
Provisions and allocations for depreciation and decreases in value	13,569	269,668	12,997	206,630	+ 4.4	+ 30.5
Income tax	2,734	54,335	1,888	30,016	+ 44.8	+ 81.0
Minority third-party interests	363	7,214	387	6,153	- 6.2	+ 17.2
Net profit	4,922	97,819	2,106	33,482	+133.7	+192.2

Banque Belge Limited  
4 Bishopsgate  
London EC2N4AD



Generale Bank  
Montagne du Parc, 3 B - 1000 Bruxelles

This announcement appears as a matter of record only.

New Issue

14th May, 1986



U.S.\$100,000,000

KOBE STEEL, LTD.

3 1/2 per cent. Guaranteed Bonds 1991

with Warrants

to subscribe for shares of common stock of Kobe Steel, Ltd.

The Bonds will be unconditionally and irrevocably guaranteed by

The Dai-Ichi Kangyo Bank, Limited

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

- Citicorp Investment Bank Limited
- Nomura International Limited
- Banque Paribas Capital Markets Limited
- ANZ Merchant Bank Limited
- Banque Indosuez
- Baring Brothers & Co., Limited
- Chase Investment Bank
- Credit Suisse First Boston Limited
- Dai-Ichi Kangyo International Limited
- Daiwa Europe Limited
- Dresdner Bank Aktiengesellschaft
- Generale Bank
- IBJ International Limited
- Kleinwort, Benson Limited
- Merrill Lynch Capital Markets
- Morgan Guaranty Ltd
- Morgan Stanley International
- The Nikko Securities Co., (Europe) Ltd.
- Orion Royal Bank Limited
- Sanwa International Limited
- Taiyo Kobe International Limited



INTL. COMPANIES & FINANCE

BHP queries Bell funds for bid

BY LACHLAN DRUMMOND IN SYDNEY

DIRECTORS of Broken Hill Proprietary (BHP), Australia's largest company, yesterday attempted to cast doubt on the ability of Bell Resources to meet its funding commitments in its revised AS3.6bn (US\$2.64bn) partial bid for control of BHP.

Utah International plans S. African sales

BY GORDON CRAME AND JIM JONES

UTAH INTERNATIONAL, the California-based mining subsidiary of Broken Hill Proprietary, is seeking to sell all its wholly-owned exploration prospects in South Africa and Namibia.

Up to two dozen separate areas are involved, of which four or five are defined as ready for immediate development. They are grouped under Southern Sphere Holdings, a Transvaal-based exploration unit which Utah is willing to sell in its entirety or piecemeal.

Since BHP agreed the takeover of Utah from General Electric of the US in January 1985, the fall in the value of the South African rand has severely eroded potential returns to the parent from exploiting the Southern Sphere deposits.

In the next few years the California company could be called on to contribute to the possible Ribb (\$468.3m) development costs of the Free State gold project where initial drilling began last year and it sees more reward from single larger operations.

Nippon Shinpan achieves record pre-tax result

By Yoko Shibata in Tokyo

NIIPPON SHINPAN, Japan's leading consumer credit company, achieved record pre-tax profits of ¥19.63bn (\$120.6m) in the year ended March, up 18.7 per cent.

BASF suffers 12% setback as dollar and oil prices fall

BY DAVID BROWN IN LUDWIGSHAFEN

BASF, the West German chemicals concern, has suffered a 12.4 per cent setback in pre-tax profits for the first quarter this year as a result of the weak dollar and the destabilising effects of lower oil prices.

lower oil import costs." Moreover, customers have cut inventories and purchases in hopes of further price declines.

CNA profits slip in continuing recession

By Jim Jones in Johannesburg

PROLONGED recession and the weakness of the rand adversely affected the operations of CNA, South Africa's largest stationary books distributor.

Robor improves on lower interest costs

By Our Johannesburg Correspondent

ROBOR Industrial Holdings, the 60 per cent-owned steel trading arm of Barlow Rand, traded almost entirely on significantly lower interest bill to generate improved pre-tax profits in the six months to March.

Yokogawa Hokushin boosts earnings

By Our Tokyo Staff

YOKOGAWA HOKUSHIN, the Japanese maker of industrial instruments which has joint ventures with Hewlett Packard and General Electric of the US, boosted pre-tax profits 4.6 per cent to ¥12.5bn (\$76.8m) in the year to March.

Annual Meeting of Stockholders

BASF '86

We announce herewith this year's Annual Meeting of Stockholders on Thursday, June 26, 1986, 10:00 a. m. at the BASF Feiertagshaus, Leuschnerstraße 47 Ludwigshafen/Rhine, West Germany

Agenda

- 1. Presentation of the Financial Statements of BASF Aktiengesellschaft and BASF Aktiengesellschaft consolidated with its German Subsidiaries; presentation of the Annual Reports of BASF Aktiengesellschaft and BASF Aktiengesellschaft consolidated with its German Subsidiaries; presentation of the Supervisory Board Report.

Shareholders wishing to participate in the Annual Meeting and to exercise their right to vote must have deposited their shares during normal office hours and in the prescribed form at a depository bank.

Depository bank is in the U. K.: S.G. Warburg & Co. Ltd.

The deposit is only effective if the shares are submitted by Wednesday, June 18, 1986.

Ludwigshafen/Rhine, May 15, 1986. The Board of Executive Directors

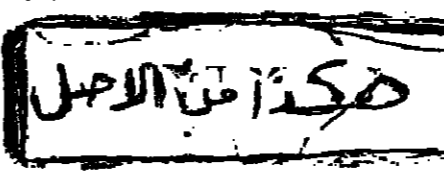
BASF Aktiengesellschaft D-6700 Ludwigshafen



U.S. \$75,000,000 Pearson plc 5 1/2% Convertible Bonds Due 2001

In accordance with the conditions of the Bonds, notice is hereby given that the holder of any Bond has the right, subject to applicable fiscal or other laws or regulations and subject to the provisions of the Trust Deed dated 14th May, 1986, to convert such Bond into fully paid registered Ordinary Shares of 25p each of Pearson plc at a conversion price of 500p per Ordinary Share at any time on or after 29th May, 1986 up to and including 14th May, 2001.

Bankers Trust Company, London Principal Paying and Conversion Agent 15th May, 1986



Our new European Branch Office shortens the distance between Wall Street and you.

We are Swiss American Securities Inc., a member of the New York Stock Exchange with headquarters on Wall Street.

For nearly half-a-century, we have served major European financial institutions, providing:

- EXECUTION IN ALL MAJOR STOCK, FIXED INCOME AND OPTION MARKETS
SPECIAL ATTENTION TO BLOCK TRADES
QUALITY SECURITIES CLEARANCE AND SETTLEMENT
QUALITY CUSTODY SERVICES

SASI IS OWNED BY: CREDIT SUISSE amro bank Generale Bank

Now, SASI proudly announce the opening of our new European Branch Office on Cannon Street in London.

The expert staff of this Office will provide close-at-hand support to our clients. In addition, they will familiarize clients and prospects with the advantages and recent advancements of SASINTEL® our sophisticated two-way communications system for cost-effective monitoring of securities transactions.

With SASINTEL, you can shorten the distance between Wall Street and you. To learn more, contact Kenneth R. Barbalato, Director of Marketing, at our new European Branch 01-283-2284.

SWISS AMERICAN SECURITIES INC.

Incorporated with limited liability in the United States of America
European Branch Office: 80 Cannon Street London EC 4N 6HH, England
Headquarters: 100 Wall Street New York, NY 10005 (212) 612-8700

NOTICE TO THE BONDHOLDERS OF

Toppan Printing Company, Limited

U.S. Dollar Denominated 2 3/4 per cent Yen-Linked Convertible Bonds 1994 (the "Bonds") and adjustment of conversion price to be made as a result of the authorisation of free share distribution

Pursuant to the Terms and Conditions of above-mentioned Bonds, we hereby notify as follows:

- 1. The Board of Directors authorised on 24th April, 1986, to effect a free distribution of shares at the rate of one (1) new share for each ten (10) shares held at the time of the close of business on 31st May, 1986 (the record date).

Conversion price before adjustment: Yen 788.00
Conversion price after adjustment: Yen 698.20

Toppan Printing Company, Limited 5-1, Taiko 1-chome Taiko-ku, Tokyo 15th May, 1986

Republic of Portugal

Placing on a yield basis of £50,000,000 Loan Stock 2016

The Issue Yield (as defined in, and calculated in accordance with the terms of, the Placing Memorandum dated 13th May, 1986) on the above Stock is 10.404 per cent.

The Stock will, from the date of issue, bear interest at the rate of 9.00 per cent, per annum, payable semi-annually. The issue price is 87.179 per cent.

S.G. Warburg & Co. Ltd.

15th May, 1986

Christiania Bank og Kreditkasse

U.S.\$100,000,000 Floating Rate Subordinated Notes Due 1995 (of which U.S.\$66,000,000 has been issued as Initial Tranches)

Notice is hereby given that the rate of interest has been fixed at 10 1/4% and that the interest payable on the relevant Interest Payment Date November 17, 1986 against Coupon No. 3 in respect of U.S.\$10,000 nominal of the Notes will be US\$542.50 and in respect of U.S.\$250,000 nominal Notes will be US\$1,362.50.

May 15, 1986, London By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK

Genossenschaftliche Zentralbank Aktiengesellschaft

Vienna U.S. \$100,000,000 Perpetual Floating Rate Subordinated Notes

For the six months 14th May, 1986 to 14th November, 1986 the Notes will carry an interest rate of 7 3/4% per annum with a coupon amount of US \$183.68 per US \$5,000 Note and US \$1836.81 per US \$50,000 Note, payable on 14th November, 1986.

Bankers Trust Company, London Agent Bank

U.S.\$125,000,000 THE MORTGAGE BANK AND FINANCIAL ADMINISTRATION AGENCY OF THE KINGDOM OF DENMARK

Guaranteed Floating Rate Notes due 1999 Series 95 Redeemable at the Noteholders' Option in 1996 unconditionally guaranteed by Finansforvaltning

THE KINGDOM OF DENMARK Notice is hereby given that the Rate of Interest for the second one-month sub-period has been fixed at 7 1/2% p.a. and that the interest payable for the second one-month sub-period in respect of U.S.\$1,000 nominal of the Notes will be U.S.\$83.39. This amount will accrue towards the interest payment due July 15, 1986.

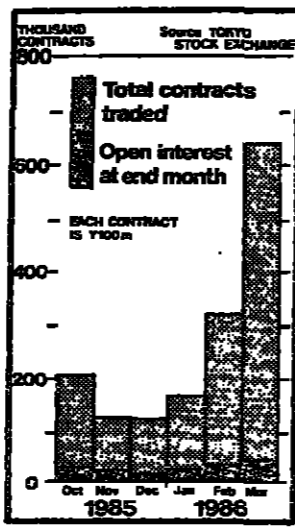
May 15, 1986, London By: Citibank, N.A. (CSSI Dept), Agent Bank CITIBANK

INTERNATIONAL COMPANIES and FINANCE

Alexander Nicoll on one of the world's most successful financial markets Tokyo futures face test of time

IN A basement two storeys below the bustling main floor of the Tokyo Stock Exchange is the hub of one of the world's most unusual, but most successful, futures markets.

computer exchange—therefore takes place entirely away from its floor. Brokers receiving orders, or wishing to trade their own book, telephone the Saitori allotted to them to place their order, and wait word of execution from the Saitori.



the daily limit of a ¥1 price movement is too small they complain. But there is evident pride and frequent comparison to the US Government bond futures market, which took far more time to develop its current volumes by value of about three times Tokyo's first quarter levels.

Stockley to issue £100m paper

By Peter Montagnon, EuroMarkets Correspondent STOCKLEY, the UK property concern, has appointed Morgan Grenfell to act as dealer in a £100m commercial paper programme.

Advances by dollar bonds trimmed after US falters

DEALERS marked prices of dollar Eurobonds higher yesterday morning after a rally in the US Treasury market on Tuesday night. The US market then faltered as the dollar slipped on foreign exchanges and discouraging US economic figures were announced.

for Australian dollar bonds recently has been for long-dated instruments, and Chrysler's bond has only a four-year maturity. But the coupon was set at 12 1/2 per cent, which other recent offerings and the bond ended the day trading outside the fees.

Union Bank of Switzerland priced a \$100m equity warrants bond for Societe Generale de Surveillance, which was announced on Monday. The coupon was set at 8 per cent, against all indicated 12 per cent. The price at which warrants may be exercised into non-voting bearer shares of the company was set at Sfr 6.950, exactly the level of the closing price of the stock.

Revere Copper in buyout

BY OUR FINANCIAL STAFF REVERE COPPER & BRASS, the US metal products group, has reached agreement with the investor group which offered to pay \$20 a share for the company two months ago, under which Mr Hugh Williamson, the present chief executive, will become a substantial shareholder through a leveraged buyout transaction.

As a result of the deal announced yesterday, shareholders will be offered \$23 a share in cash by the bidding group co-ordinated by Smith-Vassilou Management, a company controlled by Mr Randall Smith, a Revere director.

Copperweld reshape study

BY OUR FINANCIAL STAFF COPPERWELD, the Pittsburgh-based special steels maker, is studying the possibility of restructuring by distributing shares in its steel bar business to its own shareholders.

metal fabricating business, where there are more opportunities for growth than in the steel bar sector. It also feels that Copperweld Steel as an independent unit would be stronger and more successful "with the co-operation of the union and employees."

Better access sought to brokers' screens

THE Trading Practices Committee of the Public Securities Association's US government and Federal agency securities divisions has agreed to begin considering methods to improve accessibility to brokers' screens in the light of the globalisation of the US government securities market.

Clore may sell US drugs group stake

BY OUR FINANCIAL STAFF A STAKE of around 10 per cent in Rorer, the US drug and surgical products group which has long been one of Wall Street's favourite takeover candidates, may be about to change hands.

a Panamanian company he controls. The company, Nerval and Manor, holds 9.8 per cent of Rorer.

scription drug operations of Revlon, the US cosmetic company. More recently, Rorer has been involved in deals to sell its surgical products subsidiaries. The disposal of the surgical products side is being made to CooperVision, the US eye care group. It stands to bring \$350m into the Rorer balance sheet.

Household Finance Corporation ¥18,000,000,000 6% Notes Due 1996 Mitsubishi Finance International Limited Morgan Stanley International Goldman Sachs International Corp. Kleinwort, Benson Limited Bank of Tokyo International Limited Banque Bruxelles Lambert S.A. Banque Nationale de Paris Citicorp Investment Bank Limited Cosmo Securities (Europe) Limited Crédit Lyonnais Daiwa Europe Limited Deutsche Bank Capital Markets Limited Fuji International Finance Limited Girozentrale und Bank der österreichischen Sparkassen Kyowa Bank Nederland N.V. Lloyds Merchant Bank Limited Merrill Lynch Capital Markets Mitsubishi Trust & Banking Corporation (Europe) S.A. Mitsui Trust Bank (Europe) S.A. Samuel Montagu & Co. Limited New Japan Securities (Europe) Limited The Nikko Securities Co., (Europe) Ltd. Nippon Kangyo Kakumaru (Europe) Limited Nomura International Limited Orion Royal Bank Limited Saitama Bank (Europe) S.A. Sanwa International Limited Smith Barney, Harris Upham & Co. Société Générale Sumitomo Finance International Incorporated Sumitomo Trust International Limited Taiyo Kobe International Limited Tokai International Limited Union Bank of Switzerland (Securities) Limited S. G. Warburg & Co. Ltd. Yasuda Trust Europe Limited, London May 15, 1986

New Marine Midland unit

MARINE Midland Bank has established Marine Midland Capital Markets (MCMCL), a London investment banking subsidiary which will be aligned with the bank's recently formed investment banking subsidiary, Reuter reports from New York.

London branch for Sasi

SWISS American Securities (Sasi), a unit of Credit Suisse based in New York, will open a London branch to meet the needs of a growing European clientele, AP-DJ reports from Zurich.

N. AMERICAN QUARTERLIES

Table with columns: Company Name, Revenue, Net Profit, Net per share, Year. Includes companies like CENTEX, GENSTAR, LACLEDGE GAS, and various utility companies.

FT INTERNATIONAL BOND SERVICE

Large table listing international bonds with columns: Issuer, Maturity, Coupon, Price, Yield, etc. Includes entries for US GOVERNMENT, OTHER GOVERNMENTS, CONVERTIBLE, and various corporate bonds.

صندوق ضمان الاستثمار

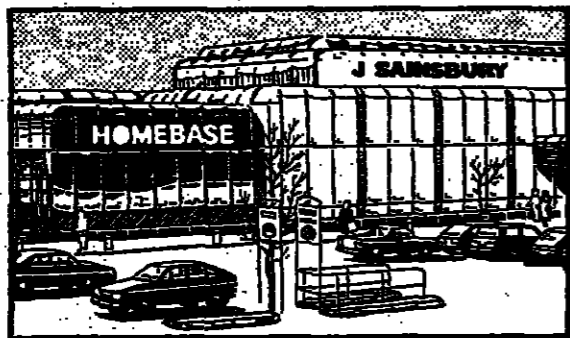


# Land Securities assets exceed £2.5 billion

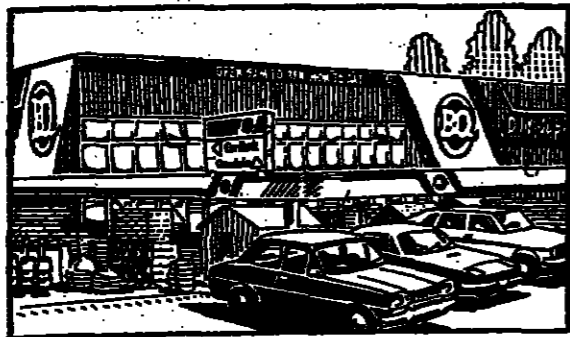
£1,629m – City, West End & Victoria  
 £ 794m – Provincial Shops & Offices  
 £ 48m – Industrial

Acquisitions and developments of  
**out-of-town retail warehousing and food superstores**  
 1.8m sq. ft. in 33 key locations.

Ravenside Investments Ltd., a wholly owned subsidiary, has over the last two years acquired or developed, or has in course of acquisition and/or development a portfolio of 59 stores. Major tenants include Asda/ MFI trading as MFI and Allied Carpets, Argyll Stores trading as Presto, B & Q, Comet, Fine Fare, Halfords, Harris Queensway, J. Sainsbury and Sainsbury Homebase, W. H. Smith Do It All, Vallances, and Homecharm trading as Texas Homecare and Bulk DIY.



Kingston upon Hull



Peterborough



Stockton-on-Tees



Speke – Liverpool

### Abridged Summary of Results for the Year ended 31st March, 1986

	31.3.86 £'m	31.3.85 £'m	Increase %
Total income	171.5	148.4	15.6
made up of			
Rental income	152.6	132.1	15.5
Service charges and other recoveries	13.6	12.2	11.5
Interest receivable	5.3	4.1	29.3
Net rents and interest receivable	134.0	114.9	16.6
Income on ordinary activities before taxation	112.9	95.6	18.1
Taxation	33.4	36.6	(8.7)
Income available for distribution	79.5	59.0	34.7
Dividends per share paid (2.9p) and proposed (6.9p); 1985: 8.15p	49.3	41.0	20.2
Earnings per share	15.79p	11.72p	34.7
Dividend cover – times	1.61	1.44	

The Knight Frank & Rutley valuation of the portfolio as at 31st March, 1986, totalled £2,543.3m, an increase of £207.6m over that at the previous year end. Taking into account expenditure on properties £160.9m and the book value of properties sold, £34.4m, during the period, the surplus on revaluation was £81.1m, an increase of 3.3% (1985: 4.6%).

Incorporating the valuation in the Accounts at 31st March, 1986, and without adjusting for taxation payable in the event of properties being sold the consolidated net assets of the Group at that date amounted to £2,112.4m, on which basis, the net asset value per share is 420p, an increase of 4.7% over that at 31st March, 1985.

All buildings in the recent 1m sq. ft. office programme have been let except for two (40,900 sq.ft.) which are not yet completed; one of which (32,500 sq.ft.) it has been agreed to let since the year end.

Three large City office buildings and a block of shops in Oxford Street have been acquired as investments or for development. Plans for new developments include several buildings in the City and West End, the £25m Olympia Centre, East Kilbride and an extension to the shopping centre at Irvine New Town.

A first-class portfolio of out-of-town retail warehouses and food superstores has been built up in carefully selected strategic locations.

Having concluded three borrowings each of £100m nominal, two since 31st March, 1986, the Company has secured long term finance to replace bank facilities, to meet the capital commitments of £108.7m at that date and to contribute towards the costs of further schemes which will be referred to in the Report of the Directors.

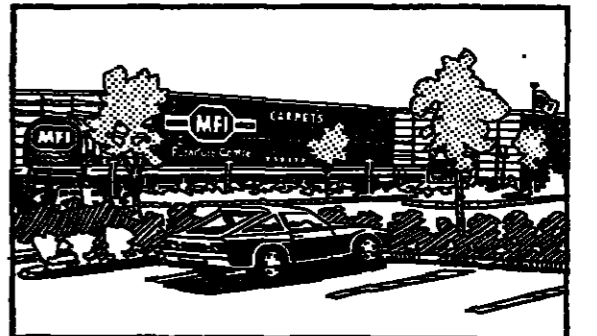
The full Report of the Directors and the Accounts containing an unqualified Report by the Auditors, a detailed portfolio review, illustrations and photographs with additional information including a list of major properties, are due to be distributed on 2nd June, 1986. Non-shareholders who would like a copy are requested to write to The Secretary.



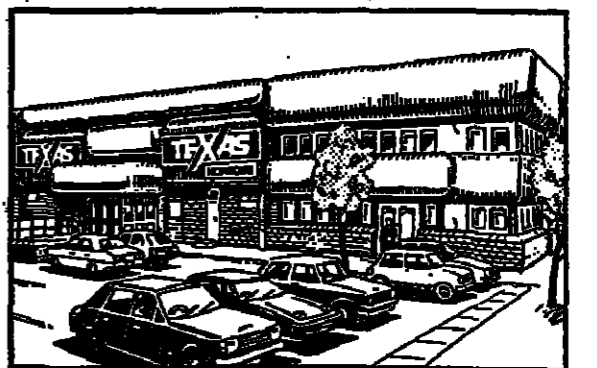
Birmingham



Andover



Fareham



Bristol

Land Securities PLC Devonshire House, Piccadilly, London W1X 6BT

Ravenseft Properties Limited, The City of London Real Property Company Limited, Ravenside Investments Limited, Ravenseft Industrial Estates Limited.



ISSUE NEWS

# Mrs Fields set to become USM's biggest company

BY RICHARD TOMKINS

Mrs Fields, the US-based cookie store operator being floated on the unlisted securities market, today publishes the prospectus for an offer for sale which is set to make it by far the biggest company on the USM.

At the offer price of 140p a share, its market capitalisation will be £210m. The next biggest companies on the USM are Asprey, valued at £108.6m, and Blue Arrow at £88.6m.

Founded in 1977 by Mrs Debra Fields, now the 29-year-old president and chief executive, the company has shown rapid growth. Pre-tax profits have risen from \$401,000 in 1981 to \$6.8m (£4.4m) in the year to last December on turnover up from \$4.3m to \$72.6m. However, the expansion has

been accompanied by an equally rapid rise in borrowings, and interest charges soaked up over \$2m of profits last year.

Mrs Fields says the income from the flotation will enable it to repay a substantial proportion of its debts and accelerate its expansion in the US and overseas.

Some 29.7m shares are being offered, representing 20 per cent of Mrs Fields' share capital. Of these, 12m are new shares being sold by the company to raise £15.6m net, and the rest will come from Mrs Debra Fields and her 33-year-old husband, Randall, who is chairman and finance director.

Sponsors to the issue are J. Henry Schroder Wagg, the UK merchant bank, and Goldman

Sachs International of the US. The brokers are Cazenove.

For the current year Mrs Fields is forecasting a near three-fold increase in pre-tax profits to \$18.5m. This is a pro-forma figure prepared as if the proceeds from the flotation had been available for the whole of 1986.

On this basis the prospective price/earnings multiple is 18.7, a figure struck after a tax charge of 8 per cent. The tax rate is unusually low because the remaining 80 per cent of the company is held by MF Holdings, which in turn is 80 per cent owned by a company called Riverview with a substantial tax shelter arising from its other business activities.

See Lex

# Waterford seeks US finance and quote

By Alice Rawsthorn

The Waterford Glass Group plans to add a New York quotation to its listings on the London and Dublin stock markets by issuing \$40m of American Depository Shares on NASDAQ, the New York over-the-counter market.

Waterford Glass will enlarge its capital by 9.9 per cent by the issue of 21.4m new ordinary shares. The issue will be sponsored by Goldman Sachs and will be fully underwritten.

Given that the company has earned more than half its turnover from the US since the 1950s, it is keen to capitalise on awareness of its activities in the US but, because of tourist investor through the flotation, "We now sell around 35 per cent of our glass and china in the US but, because of tourist purchases, between 70 and 80 per cent of our output eventually ends up in American hands," said Mr Paddy Hayes, Waterford's chairman.

"Without a US quotation we missed the opportunity to benefit from the synergy between our standing in the retail marketplace and our prospects on the US stock market."

Proceeds of the issue—some \$40m or £28m—will be used to reduce borrowings. They stand at £30m but could be reduced to £10m if the proposed disposal of the loss-making subsidiary, the Smith Group, goes ahead. The company also plans to expand distribution in the US and to establish a retail base in Europe and the Far East.

Mr Hayes said: "We also have a long-term strategy of reducing our reliance on US earnings by 10 or 15 per cent. So far, thanks to active currency hedging, Waterford has been able to obviate the worst effects of the weakness of the dollar. In the 1985 financial year pre-tax profits rose by 10 per cent to £18.5m and in the first quarter of the current year by 37 per cent to £3.32m.

The effects of adverse currency movements may filter through to the 1987 results, although Waterford hopes to mitigate this by the combination of price rises in the US, improved productivity in Eire and reduced interest on borrowings.

# Downturn in demand leaves TDS in loss

A SHARP downturn in demand, brought about by a reduction in orders for electronic components in the UK and most developed countries, left the TDS Circuits group £421,000 in loss at the pre-tax level for 1985-86.

The loss compares with profits of £2.66m, up from £1.71m, in 1984-85. The final dividend is being omitted (2.5p) leaving shareholders with 2p, down from 4.9p.

In their report the directors say the position for the past year (to February 28 1986) was made worse by a general reduction in stock levels and shorter lead times. The resulting drop in activity, they add, affected all sections of the group's business—especially the telecommunications and military areas.

Turnover for the first six months had been broadly in line with the previous year's but it fell sharply in the second half reflecting both lower selling prices and a decline in volume—sales for the year as a whole fell from £11.95m to £9.26m.

The loss was struck after taking account of interest and similar charges which amounted to £411,000, against a previous £229,000.

There was a tax credit this time of £192,000 (charge £1.02m) which left net losses

at £229,000, compared with profits of £1.64m, or losses of £2.27p (earnings 29.9p) per 5p share.

The group obtained a quote for its shares on the USM in June 1984.

● comment

Last year represented the nadir of the latest cyclical downturn in the printed circuit board industry so there were few raised eyebrows over TDS's figures yesterday. With the shares up 4p at 159p, investors have already forgiven the past and are looking to a rosier future. They may, however, have to be patient awhile yet: the pcb industry is indeed on an upswing, as was clear from recent statements from Freeswick and Circaprint, but the fire at TDS's factory cut production capacity to a third and will prevent the company from returning to profit in the first half. If the damage is repaired by the autumn, TDS should reap sufficient benefits from the upswing to show a modest profit for the full year, but anything more will have to wait 1987. With market forces favourable and TDS by then well placed to take advantage of the recovery, today's share price does not look unduly optimistic against the 380p flotation price of two years ago.

# Chas Barker offer gives £30m valuation

Shares in Charles Barker, one of the oldest advertising agencies in the world, will go on offer to the public this week at 150p, to value the company at £30m. The full details of the offer for sale of 5m shares will be advertised tomorrow.

To coincide with the flotation, Charles Barker will be acquiring Norman Broadbent International, the headhunters, for an initial payment in shares of £3.2m.

# Molynx raising £300,000 at deep 35p discount

Molynx Holdings, maker of closed circuit TV equipment, has announced a deeply discounted rights issue to raise £300,000 for expansion.

The company is the fourth undertaking in three weeks to avoid underwriting costs by heavily discounting the rights price. The others are the Prudential, Cater Allen and National Westminster Bank.

The money will be used to expand the company's working capital, and pay for refurbish-

ment of the group's main premises.

The company says that trading in the first four months of the year has been encouraging. Profits for the year 1985 were £243,000 (£122,000) on sales of £2m (£1.8m).

Terms of the issue are one-for-four at 45p, against last night's closing price of 80p. The company's directors, who own 89.8 per cent of the shares, will be taking up their rights in full.

# Water issues

Two water companies yesterday announced medium dated debenture stocks. The Mid Southern Water Company is raising £2m through the issue of a 10 per cent redeemable debenture 1995-98. It has been priced at par and carries a yield to redemption of 9.991 per cent.

The Cambridge Water Company is issuing £3m of 10 per cent redeemable debenture stock 1995-98. The stock is priced at £100 and has a redemption yield of 9.999 per cent.

Both stocks are £10 partly paid, and have been placed by Seymour Pierce.

# Estates & Gen. debenture

Estates and General, the property investment and development company, is raising £5.5m through a debenture issue, which will be used to repay variable rate borrowings and reduce the group's interest bill.

Lazard Brothers is placing the stock which carries a coupon of 11.25 per cent and matures in 2018. The stock will be interchangeable with debentures of similar maturity issued in September last year.

The issue price is £109.89, of which £40 is payable on

acceptance, and the balance on August 29, to yield to redemption 10.2 per cent.

Witan placing

Witan Investment has placed £50m in nominal amounts of 84 debenture stock 2016 at £98.283 with half payable at the beginning of next week and the balance on September 12. Proceeds will be used principally to repay short-term bank borrowings.

# Baggeridge Brick slips to £0.57m

Despite adverse weather Baggeridge Brick increased its turnover by 3.7 per cent to £4.47m in the six months to March 31 1986. Profits, however, declined from £892,000 to £572,000 at the pre-tax level.

Interest arising, prior to commissioning, on major capital projects is capitalised and written off over the estimated life of the asset acquired and during the period interest dealt with in this way amounted to £70,000 (nil). Depreciation took £119,000 more at £322,000.

In all, the directors are anticipating another successful year and meanwhile are raising the interim dividend from 2.25p to 2.5p net per 25p share.

The group, based at Dudley in the West Midlands, manufactures bricks and supplies materials to the building industry.

# J. Hewitt & Son (Fenton) P.L.C.

Manufacturers of domestic and industrial refractories, kiln furniture and electrical porcelain

	1985	1984	1983	1982
	£'000s	£'000s	£'000s	£'000s
Sales	7,717	6,304	7,427	4,970
Profit before tax	642	541	1,030	488
Profit retained	295	50	536	262
Earnings per share	11.4p	8.0p	18.3p	9.4p
Dividend per share	2.7p	2.4p	2.4p	1.6p

Extract from the Statement by the Chairman, David Hewitt:

Sales to date in 1986 are higher than those for the corresponding period in 1985 and production in all departments is currently running at increased levels. Further capital expenditure has been sanctioned to provide additional capacities to meet forecast higher demands. I expect the results for 1986 will be better than those for 1985.

# CLF COMBINED LEASE FINANCE PLC

£45,000,000

Acceptance Credit and Advance Facility

Managed by

N M Rothschild & Sons Limited

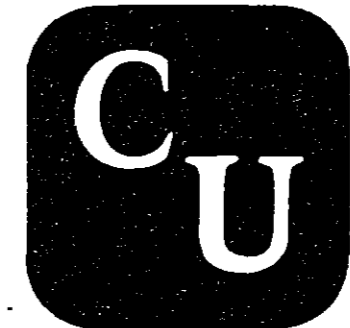
Provided by

- |   |                                |
|---|--------------------------------|
| First Interstate Bank of California             | N M Rothschild & Sons Limited  |
| Manufacturers Hanover Trust Company             | Yorkshire Bank PLC             |
| Westpac Banking Corporation                     | A P Bank Limited               |
| Allied Irish Investment Bank plc                | Henry Ansbacher & Co. Limited  |
| Australia and New Zealand Banking Group Limited | Banque Paribas (London)        |
| The British Linen Bank Limited                  | Crédit Agricole, London Branch |
| Crédit Commercial de France, London Branch      | Singer & Friedlander Limited   |



Agent: N M Rothschild & Sons Limited

May 1986



THREE MONTHS' REVIEW

ASSURANCE

# Strong profit improvement

- ★ Improvement of £30m in unaudited operating profit before tax.
- ★ Shareholders' funds increase substantially following strong investment performance.
- ★ United Kingdom continues to make good progress despite severe winter weather.
- ★ Substantial rate increases and our previous actions in the United States start to benefit results.
- ★ Growth of life business.

## MAIN FEATURES OF RESULTS

	3 months 1986	3 months 1985	Year 1985
	Unaudited £m	Unaudited £m	Actual £m
Total premium income	714.1	694.7	2,306.0
Operating profit/(loss) before taxation	12.4	(17.5)	.2
Taxation and minorities	(7.5)	(4.2)	(31.6)
Realised investment gains	15.6	.6	59.9
Profit/(loss) attributable to shareholders	20.5	(21.1)	(30.5)
Earnings per share	4.97p	(5.11)p	(7.40)p
Shareholders' funds	£1,336m	£1,005m	£1,161m

	£m	£m	£m
Operating profit/(loss) before taxation	11.5	3.0	71.5
United Kingdom	(7.1)	(31.7)	(119.6)
United States	9.6	8.7	38.8
Netherlands	2.0	1.0	5.6
Canada	(3.6)	1.5	3.9
Rest of the World	12.4	(17.5)	.2



Commercial Union Assurance Company plc

UK COMPANY NEWS

# Dupont<sup>plc</sup>

## Annual Results

■ Pre-tax profit increased by 123%

■ Dividends up 107%

Year ended 31st January	1986 £000's	1985 £000's
Turnover	62,648	66,545
Profit before tax	5,447	2,447
Ordinary Dividends per share:	P 2.75	P 1.33

"Swish" curtain systems and building products; "Vi-Spring" beds; computer services; ferrous castings, forgings and plastic products.



The Annual Report will be available from: The Secretary, Dupont plc, Sedgley Road East, Tipton, West Midlands DY4 1UU.

## General Accident motor premiums to rise by 9%

General Accident, the UK's leading motor insurer, is to increase its motor premiums again next month by between 8 and 9 per cent. The announcement was made with the release of its figures for the first quarter of 1986 showing that underwriting losses on the UK motor account increased from £7.7m to £8.7m.

The move follows increases of between 5 and 7 per cent in February and of up to 8.2 per cent in October last year. The action was considered necessary by the continuing high claims frequency.

The motor account and the worse-than-expected losses on the UK weather account were the only problem areas in a period when the composite insurance company reported pre-tax profits of £5.1m, against losses last time of £18.1m. The comparable figures have been restated at rates of exchange on December 31 1985.

Premium income rose from £471.1m to £539m and there was also a rise in investment income to £66.1m (£57.1m) with

a fall in overall underwriting losses of £77.7m (£88.5m). The result was at the top end of analysts' expectations but in a falling market the shares were down 11p to close at \$41p.

Mr Buchan Marshall, chief general manager, says there were good improvements in overall performance in the US and Canada and in most of the major territories the trends were in the right direction.

Seasonal weather claims totalling about £18m in the UK showed no improvement on the previous year, particularly in the Homeowners' account where the deficit increased by a third from £10.3m to £13.7m despite an increase in premiums.

However, overall, the UK underwriting deficit was down from £30.9m to £27m on pre-tax profits up at £189.5m (£133.3m). Losses on the commercial property account were almost halved at £5.3m against £10.4m, benefiting from higher rates and reduction in large industrial fire claims.

A marked improvement in

commercial business in the US helped cut the underwriting loss from £32.1m to £26m where premiums rose to £187.2m (£165.7m) and in other territories the improved result in Canada, losses down to £4.8m (£7.2m), contributed to a fall of £4.2m to losses of £10.5m. The Canadian figure included a loss of £200,000 for pilot insurance of Canada, acquired in January this year.

Directors say the increase in investment income reflected an underlying growth rate of 9.4 per cent.

Profits from long-term life rose to £2.9m (£2.2m). Net annual premiums in the UK were almost unchanged at £5.8m. Single premium business was £5.1m against £31m last time, which had been boosted by the launch of the group's unit-linked operation during the period.

The pre-tax figure was struck after interest charges of £400,000 (£500,000). The tax charge was £4.2m (£9.3m). See Lex

## CU back to profit with £12m

ALMOST QUADRUPLED profits in the UK and a huge reduction in the loss from the US has enabled Commercial Union Assurance to turn round its pre-tax result by £30m in the first quarter of 1986.

Profit for the period has come to £12.4m, compared with a loss of £17.5m last time. The UK account for £11.5m (£3m), the Netherlands £9.6m (£5.7m) and Canada £2 (£1m), while the US loss was reduced to £7.1m (£31.7m) and the Rest of the World went into a loss of £3.6m (profit £1.5m).

Mr Tony Brent, CU's chief executive, says the progress reflects action taken in the past, particularly in the US, the benefits of which are beginning to show through in results.

There is still a shortage of capacity in the US market and strong premium rate increases are continuing to be achieved.

Total premium income rose from £695m to £714m an underlying growth rate of 11 per cent after adjusting for exchange rates. Distribution of this in the quarter (in percentages) was UK 32, US 28, Netherlands 24, Canada 6, and Rest of the World 10.

Non-life premium income rose £2.8m to £522.9m and the underwriting loss was reduced from £99.9m to £63.6m. Life premium income was up to £191.2m (£174.6m) and profit to £18m (£18.7m), an underlying growth rate of 5 per cent.

Investment income, net of loan interest, totalled £56.1m, compared with £64.9m. Mr Brent says the value of investments has grown substantially in recent months and CU shareholders' funds are 30 per cent higher than a year ago at nearly £1.34bn, which represents a solvency margin of 75 per cent.

Continued improvement in the UK result was reflected across most classes of business, with commercial lines showing the greatest increase. Operating ratio was reduced to 109 (113.9) per cent and the underwriting loss fell to £16m (£21.2m).

Investment income showed underlying growth of 19 per cent and life profits were 6 per cent up at £8.8m.

In the US the underwriting loss was reduced to £34.8m (£65.5m). Investment income declined marginally after adjusting for exchange rates, reflecting the reduced size of the group operation. Control over expenses continues to be effective, and the expense ratio was 2.7 percentage points lower than for the same period of 1985.

The claims ratio to premiums earned was 96.5 (93.3) per cent, and the expense ratio to premiums written was 30.1 (32.8) per cent.

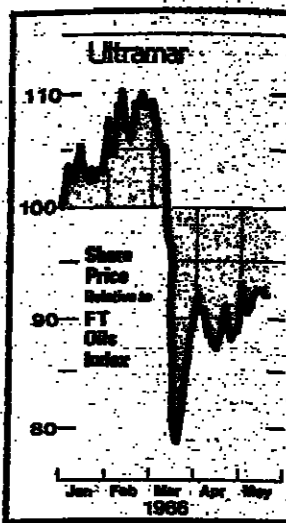
After tax and minorities £7.5m (£4.2m), the overall net operating loss for the first quarter came to £4.9m (loss £21.7m), equal to 1.15p (loss £2.26p) per share. Taking in investment gains of £15.6m (£600,000) gives a further 3.78p (0.15p) per share. See Lex

## Ultramar profits halved to £18m in first quarter

BY TERRY POVEY

Ultramar, the independent oil production and exploration company which has developed significant refining and retailing capacity in Canada and the US and liquid natural gas production in Indonesia, yesterday announced net profits of £17.8m for the first quarter of 1986. This is less than half the £46.4m last time in what is traditionally its best quarter.

In March, the company announced it was cutting capital expenditure from a planned £165m to £95m. With spot prices for oil still depressed, North Sea Brent blend was yesterday quoted at about \$15.60 a barrel. Mr Lloyd Bensen, chairman, said the group's 1986 objective was to "maximise our immediate cash flow."



In the first quarter, cash flow from operations totalled £45.6m, against £32.9m and £185.4m for last year as a whole. Mr David Elton, group executive director and marketing coordinator, said that further small reductions in the capital expenditure programme might be made if cash flow fell below expectations.

"The objective is for cash flow, after dividends, to cover capital expenditure and scheduled loan repayments," the chairman said.

The capital expenditure now scheduled for 1986 is aimed at "drilling and developing reserves that can be brought into production in the short or medium term," according to Mr Bensen.

In the first quarter, Ultramar had sales of £628.7m (£620.4m). The fall mainly reflected lower oil prices as sales of refined products and crude oil was steady at 304,800 barrels per day and gas production at 434,600 thousands of cubic feet per day.

Interest payments on the group's £209.6m net short-term debt, up from £128.8m at the December 31 year end, were £16.6m (£15.4m). Long-term debt was steady at £315.5m (£303.6m) with tax of £40.6m (£37.2m) and minorities of £2.3m. Earnings per share were 6.5p (17.1p).

Ultramar's statement makes it very clear that the battle is all about cash flow. Hence the figures that matter on the debit side are simplified to two—

comment

Ultramar's statement makes it very clear that the battle is all about cash flow. Hence the figures that matter on the debit side are simplified to two—

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of dividend	Total last year	Total last year
Baggeridge Brick Int.	2.5	Aug 12	2.25	—	6.88
Bremner	nil	—	0.5	0.5	1
External Trust	8.5	July 14	8.5	14.5	12
Land Securities	6.9	July 10	5.55	—	8.15
NSS News	1.6	July 4	0.45	—	3.6
Ramco Oil	0.45	July 4	0.45	0.7	0.7
TDS Circuits	nil	—	2.9	—	4.9
Abbey Crest Int	1	—	nil	—	nil
Asda Property	3	July 1	—	—	—
Gieves	2.3	July 1	2	3.3	3
Henderson GP	4.5	July 14	3.75	—	7
KCA News	nil	—	1.5	—	2
Nth Midlands Corp Int	nil	—	nil	—	0.3

Dividends shown in pence per share except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

### L & G improves

Sir James Ball, chairman of Legal and General, told the AGM that the company's UK general insurance underwriting had improved in the first quarter of 1986.

There had been substantial weather claims in the early part of the year, but the cost of these claims was only two-thirds of 1985 figure and premium rate increases had further improved the position.

The underwriting loss from UK general insurance operations for the first quarter of 1986 was estimated at £5.5m compared with £13.5m in same period in 1985.

# Ultramar

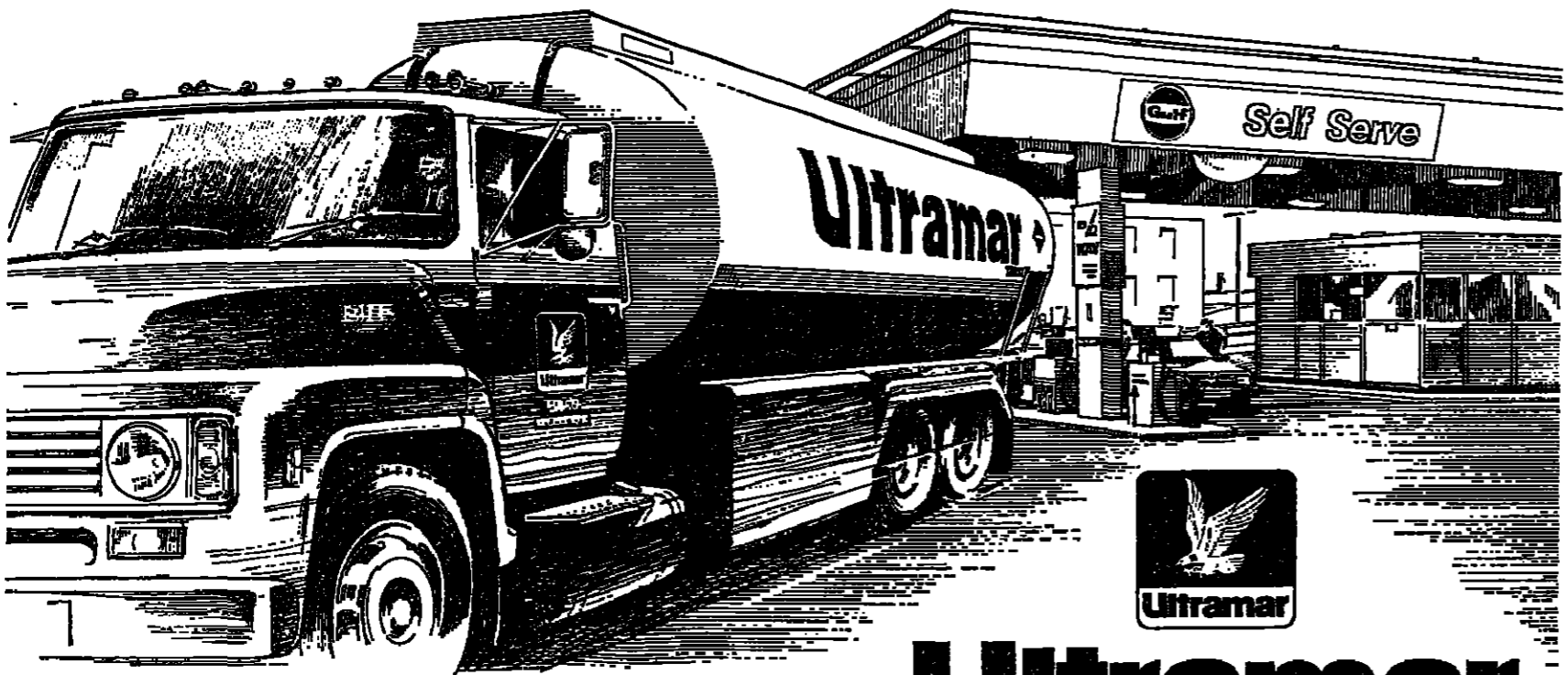
FIRST QUARTER 1986

## ADAPTING TO LOWER OIL PRICES

- Cash flow holds up well at £45.6 million
- Eastern Canadian marketing performs well following acquisition of Gulf assets
- Quebec refinery operates at high capacity level
- Indonesian LNG prices maintained in first quarter but since substantially reduced
- Cost reduction measures taking effect
- Capital expenditure programme cut by 40%
- Second quarter likely to be weak but balance of year looks more promising

SUMMARY OF FINANCIAL RESULTS	First Quarter 1986	First Quarter 1985	Year 1985
	£million	£million	£million
Turnover (Sales Revenue)	628.7	820.4	2,357.8
Operating Profit before Taxation	60.8	103.6	265.7
Operating Profit after Taxation	20.2	46.4	96.0
Net Profit attributable to the Group	17.8	46.4	71.6
Cash Flow from Operations	45.6	69.2	185.4

OPERATING RESULTS	First Quarter 1986	First Quarter 1985	Year 1985
	Sales of Oil (barrels per day)	304,800	308,400
Oil Refined (barrels per day)	97,200	75,600	85,100
Oil Produced (barrels per day)	31,000	31,400	31,000
Gas Produced (thousands of cubic feet per day)	434,600	432,200	413,400
Gross Wells drilled	93	86	339
Oil and Gas Wells completed	61	59	197



Gasoline delivery to one of the recently acquired Gulf service stations in Eastern Canada.

# Ultramar

Morgan House, 1 Angel Court  
London EC2R 7AU

For a copy of the Report for the First Quarter 1986 please write to the Company Secretary at the above address or to Ms. R. Brenney, American Ultramar Limited, 120 White Plains Road, Tarrytown, New York 10591.

## From satellites to coal shovels

One thing's certain. PacifiCorp isn't your typical American electric utility. True, our Pacific Power & Light Company is the largest electric power company in the Northwestern United States. But our diversified companies are also engaged in businesses from telecommunications to mining and financial services. Our 87 percent interest in Pacific Telecom makes us a major player in U.S. telecommunications ranging from local and long distance service to non-regulated activities. Our 90 percent of NERCO puts us among the top ten U.S. coal companies, supported by a billion tons of reserves. And also ranks us as one of the largest U.S. producers of gold and silver. And now we're moving strongly into financial services with our PacifiCorp Credit and PacifiCorp Finance units, which provide leasing and lending services to other businesses. Today, almost half of our nearly \$2 billion annual sales come from our diversified activities. PacifiCorp. Our growth is powered by diversification. In electricity. In mining. In telecommunications. In asset-based leasing and finance. For further information, please write Steve Rafath, vice president, PacifiCorp, 851 S.W. Sixth Avenue, Portland, Oregon 97204. U.S.A.



Garage door competition hits Henderson profits

UNEXPECTEDLY harsh trading conditions in the garage door business, operating difficulties in Normand, the electric motor and gearbox side, and currency losses have combined to reduce the Henderson Group's pre-tax profit from £5.6m to £5.32m in the year ended March 1 1986.

Tate asked to explain Berisford bid leak

The Takeover Panel has asked Tate and Lyle, the UK sugar refiner, to explain how details of its conditional £478m offer for S. and W. Berisford, the commodity trading group, leaked to newspapers.

Rationalisation helps NSS to £4m midway

CONSIDERABLE benefits generated from the rationalisation and groundwork undertaken last year and the early Easter are reflected in the first half results of the NSS Newsagents group.

UK ECONOMIC INDICATORS

Table with columns: Ind. prod., Mfg. output, Eng. order vol., Retail value, Unemployed, Vacancies. Rows for 1985 and 1986 quarterly data.

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s), monthly average

Table with columns: Consumer goods, Invest. goods, Intmd. goods, Eng. output, Metal mfg., Textile, Housing starts. Rows for 1985 and 1986 quarterly data.

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (Em); oil balance (Em); terms of trade (1980=100); excluding re-exports

Table with columns: Export volume, Import volume, Visible balance, Current balance, Oil balance, Terms of trade. Rows for 1985 and 1986 quarterly data.

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances to sterling, private sector (three months' growth at annual rate); building societies' net inflow; HPI, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

Table with columns: M0, M1, M3, Bank advances, HPI, New credit, Clearing Bank base rate. Rows for 1985 and 1986 quarterly data.

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices, manufacturing products (1980=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

Table with columns: Earnings, Basic materials, Wholesale prices, RPI, Foods, Comdty. Strig. Rows for 1985 and 1986 quarterly data.

Abbeystead advances to £629,000

With turnover rising from £3.99m to £5.5m in the half year ended February 28 1986, Abbeystead has lifted its pre-tax profits from £472,000 to £629,000.

Static profits for Gieves

INCREASED development expenditure at its International Licensing and exporting subsidiary has left Gieves Group with slightly lower pre-tax profits of £1m for the year to end-January 1986, against £1.01m previously.

Cadbury sale

Cadbury Schweppes, the confectionery and soft drinks group, has reached a preliminary agreement to sell its 75 per cent stake in its Swedish subsidiary Cadbury Slotts, to Marabon AB, Sweden, in a deal worth between £4m and £4.5m.

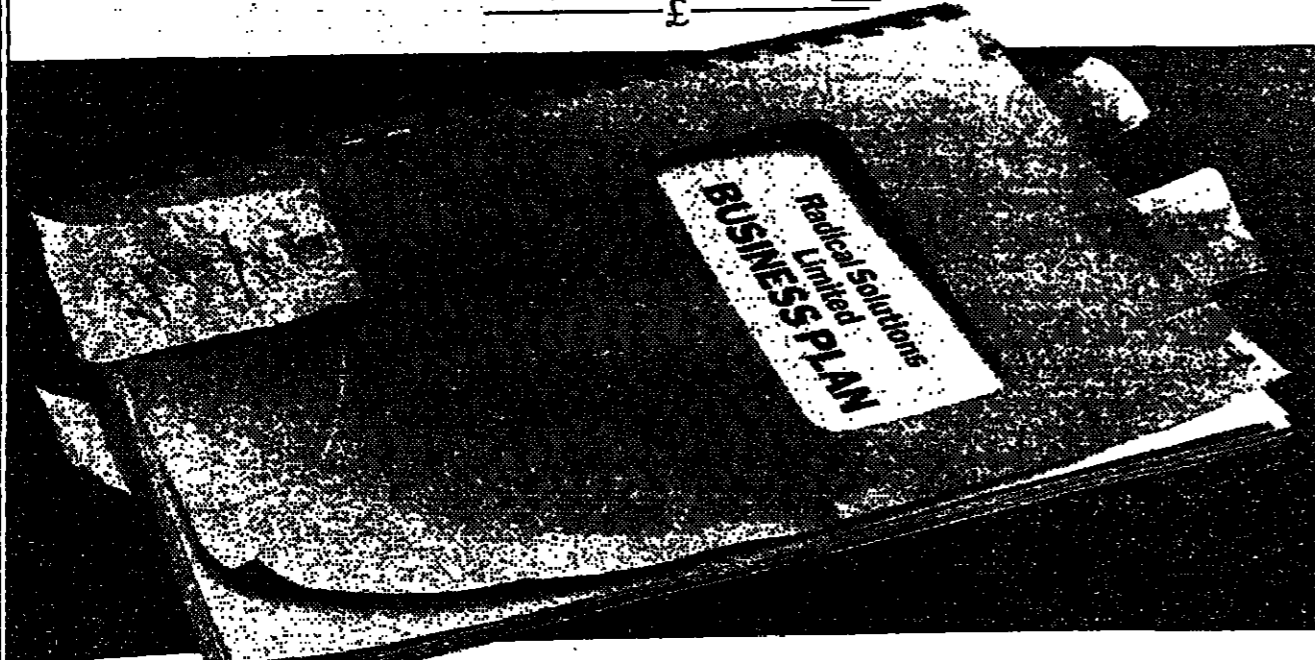
No probes

The Secretary of State for Trade and Industry has decided not to refer to the Monopolies Commission the proposed acquisition by Wardle Storeys or RFD Group and the acquisition by Mercury International Group of a 50 per cent stake in Potter Partners.

Bremner £0.4m in loss but set for a return to profit

During the latter part of the past year Bremner also bid for George Dew, a civil engineer. However, the £9m offer was rejected by Dew's directors and following a lack of acceptance the bid lapsed.

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Chief executive for Montagu Investment

Mr Peter Axten will be joining the investment banking group of the MIDLAND BANK GROUP as chief executive of its newly-created investment management company, Montagu Investment and as a managing director of Samuel Montagu & Co. He will be responsible for the various investment management activities previously handled by Samuel Montagu & Co. Midlands Bank investment department, Midlands Bank unit trust managers, Midlands Bank equity group and Greenwell Montagu private clients department, and for the development of investment management business on a worldwide basis.

The Cambridge Water Company (Incorporated in England) Placing of £3,000,000 10 per cent Redeemable Debenture Stock, 1985/86 at £100 per cent (£10 per cent paid)

Mid Southern Water Company (Incorporated in England) Placing of £3,000,000 10 per cent Redeemable Debenture Stock, 1985/86 at £100 per cent (£10 per cent paid)

TECHNOLOGY

Images get fast food treatment

THE image-making processes of photography, film and television have for long had an odd affinity with the fast food business. Both serve not only a huge consumer market forever hungry for something new, but also an impatient public that never acknowledges W. H. Davies' lines "What is this life if full of care. We have no time to stand and stare?"

There is now a strongly identifiable trend in camera media to imitate the success of the fast food business by producing instant results. At all costs, it seems, the customer must not be kept waiting. The success of the Polaroid camera—which traded quality and economy for instant pictures—has been one notable example, and Polaroid's failure to do the same with its Polaroid movie film (a system that was dropped as quickly as it came in the 1970s) was due as much as anything to the arrival of video-tape recording.

Compared with conventional silver image processes, however, instant photography and video have always suffered from one substantial disadvantage. They cannot offer the sharpness, image enlargement, and duplicating quality of an original still or movie negative.

In addition the advantage of the new media—speed of results—is now being eroded by conventional still photography. And with Kodak forced out of the instant photography business by Polaroid's successful lawsuit, it is no surprise to find it going some of the trail blazing.

The challenge is appearing in a number of busy retail centres and high streets under such names as Supercolour, Bonus Prints, and most recently On-the-Spot. These are the new generation of mini-labs, which employ conventional photographic processes to reduce the "24 hour" developing and printing (D and P) service to less than 24 minutes—not much longer, indeed, than it takes to order and eat at McDonalds.

Essentially, the mini-lab will process conventional silver halide emulsions and produce

colour enlargements on paper in much the same way as the 24-hour D & P service. There is no fundamental breakthrough in photographic technology comparable to the instant colour prints from a Polaroid camera; simply, instead, a refinement of well-established processes in order to automate and speed up the cycle.

The colour enlargements which can emerge from a mini-lab 24 minutes after the exposed roll of film entered the shop are of a quality that even professionals find acceptable; and prints up to 14 in x 11 in are available for under £5. This happens through the automation of a complex laboratory process in a small unit that shop assistants can operate easily. As a result, mini-labs are beginning to spring up all over the UK and other countries, sometimes even tucked away in the corner of department stores.

FILM AND VIDEO

By John Chittock

The early success of mini-labs is attracting the high street entrepreneurs in much the same way as video did in the early 1980s. Over 250 separate outlets exist in the UK, and seven in Ireland. These are additional to 200 units of an earlier and less sophisticated French system.

The man behind the Irish chain, Mr Michael O'Neill, exemplifies how the mini-lab is attracting businessmen who previously had no commitment to photography. Mr O'Neill is a successful shoe manufacturer who spotted the commercial potential in mini-labs. He has now opened one in Manchester under the name City Photo, and in the next few weeks comes to London with one at the Trocadero and another in Regent Street.

Kodak—pushed out of

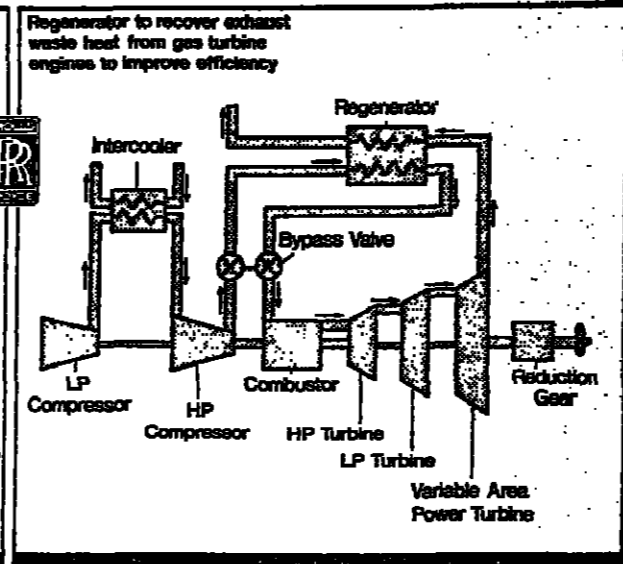
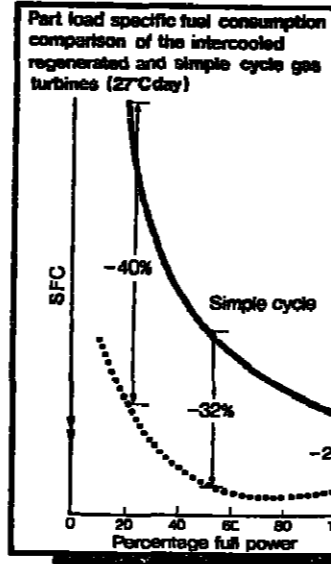
instant photography by Polaroid's lawsuit—has a straight business investment in Mr O'Neill's UK City Photo chain and is also supplying mini-lab equipment along with materials.

Although Kodak is not the only photographic materials manufacturer supplying mini-labs, the business represents for the company part of a wider strategy to gear up traditional photography to compete with the new media. Thus Kodak's recent return to the marketing of 35mm still cameras—but this time very different from its classic Retina, which was a thinking man's camera; the new Kodak range really fulfils George Eastman's 19th century slogan "you press the button, we do the rest."

The new trend to simplicity and speed is being achieved without a trade-off in quality loss once unavoidable in the photographic process. Along with the mini-labs and the compact 35mm camera, Kodak has introduced a new range of colour film emulsions—named Gold—which provide greater room for exposure error without loss of colour fidelity.

Kodak's challenge to the new media is first in quality, then price and convenience, and now speed and simplicity without sacrifice. The company is of course hedging its bets through the recent adoption of video products, and City Photo's mini-lab in Regent Street will also offer movie film-to-video transfer services.

It takes only £50,000 to £100,000 to set up a mini-lab at an existing site and one estimate reckons that by 1988 over 25 per cent of all colour negative film will be processed in such establishments. For the mini-lab operator, this is not simply a seasonal business relying on holiday snaps; Michael O'Neill estimates that 40 per cent of his turnover comes from local businesses—with for example 430 estate agents in Manchester, many of which regularly need the service.



Chase for greater efficiency when navies step off the gas

Ian Rodger on a solution to the uneven fuel consumption of warship jet engines

EVER SINCE the mid 1960s when the world's navies became enthusiastic about putting jet engines in their large warships, they have been trying to find ways of operating these engines economically at both low and high speeds.

The problem is that a simple cycle gas turbine's efficiency plunges when its power is cut and so fuel consumption rises dramatically (see chart).

Some navies have got around the problem by installing small turbines or diesel engines for operating at high speed. The US Navy puts two identical turbines on each shaft, operating only one of them for low speed cruising.

Two years ago, a proposal was made for a single turbine which could operate economically at both high and low power. The US Navy is interested in the idea for replacing engines in many of its large warships. It has since given preliminary design contracts to General Electric of the US and a consortium consisting of Allison Gas Turbines and Garrett Aircraft Research of the US and Rolls-Royce of the UK.

The concept that both groups are working on, called ICR (intercooled and regenerative cycle) is not new, but has seldom been exploited because of the cost of installation and the bulk it adds to a gas turbine.

Basically, the method involves using two heat exchangers for the air passing through the turbine. The first, using seawater as a coolant in the warship application, is inserted between the two compressor stages. The idea is that less power will be needed to drive the second compressor stage if the air is cooler, and thus fuel consumption will be reduced.

A genetic shake-up of Europe's major crops

A CONSORTIUM of 15 academic and industrial organisations has just launched an ambitious pre-competitive research programme which could dramatically affect the price and quality of our food in the mid-1990s. Over the next three years they hope to design a plant gene "tool-kit" and user's manual, permitting the user to make radical changes in the genetic make-up of some of Europe's more valuable crops.

The initiative itself is British, mounted by the Laboratory of the Government Chemist in London where Dr Ron Coleman, as Government Chemist, doubles as the Government's chief adviser on biotechnology.

The 11 companies include such multinationals as Royal Dutch-Shell, Unilever and Ciba-Geigy. Four of them are minuscule biotechnology start-ups, some US-owned. The four academic institutions are the Plant Breeding Institute and the John Innes Institute, both of the Agricultural and Food Research Council, and the universities of Durham and Warwick.

It has taken Dr Keith Cowey a year to forge this union of very disparate interests, since he was seconded by British Petroleum to the "think-tank" of advisers who counsel Ron Coleman on biotechnology. Among his problems have been reconciling the commercial interests of very different kinds of company, and picking the academic teams most likely to succeed.

Companies pay the same, regardless of size; about £50,000 a year. The Government doubles the money, providing a total of £3m for the three-year programme. Still more to the point, the companies have harnessed the expertise of about 40 British scientists—perhaps 70 per cent of the nation's expertise in this area of plant science.

The research will be done in the four academic institutions, overseen by a programme manager now being recruited for the task. When he arrives he will find most of the cash has already been allocated to the three projects agreed by the consortium, except for £300,000 retained for contingencies. "We can't hope to get it all right now," acknowledges Dr Cowey.

If the programme eventually succeeds it will have established "enabling technology" to allow any user of the plant gene tool-kit to make gene transfers within crop plants a routine procedure. The 11 companies will then be free to exploit this enabling technology in any way they wish—perhaps to grow peas more resistant to weather or pests in the case of a big food company, or to develop into a specific technique which can be licensed to third parties in the case of a start-up.

The programme focuses on four crops of particular interest in Europe: wheat, barley, peas and oil seed rape. Other crops were rejected as being of less importance, even though—in the case of potatoes for the Rothamsted Experimental Station—techniques were already partly worked out.

The first and biggest of the three projects aims to establish transformation and regeneration systems for all four chosen crops. "We're trying to turn the art of tissue culture into a science," says Dr Cowey. Dr Richard Flavell at the Plant Breeding Institute is leading

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this project, although Professor Don Bolter at Durham has made good progress with rice, and the John Innes Institute with peas.

Success for this project will come if the three steps of identifying genes, expressing DNA into its cells efficiently, and selecting the desired improvement in properties can all be accomplished on a routine basis for all four crops.

The second project concerns genetic engineering. It aims to isolate the genes that control the storage of energy or the process of photosynthesis, for example—and test such plant genes to ensure that the isolated and reconstructed genes can be expressed (replicated) by biotechnology methods.

The idea is to use the "gene cassettes" produced by this project to transform the four crops, using the technology developed in project 1. It will focus particularly on the genetic engineering of seeds, because it is seeds or grains which are normally harvested. But it may turn out that in order to modify plant growth the gene products of a specific part of the plant cell, such as the chloroplast, where photosynthesis takes place.

As in the case of project 1, project 2 involves the Plant Breeding Institute, the John Innes Institute, and Durham University.

OUT OF THE BACKROOM

By David Flatlock

Warwick University researchers led by Professor John Ellis are the prime movers in project 3, which relates closely to project 2, but aims to put the genes more precisely into a part of a plant cell responsible for a particular function. Warwick University and the John Innes Institute have already had some success with peas and believe their techniques are not species specific. If this proves the case, it could afford an efficient way of bypassing the overall control of a plant cell, making desired genetic modifications.

The three projects are therefore closely inter-related. Dr Cowey categorises it as "basic applied research," suggesting a significant risk that it will fail. But the academics, in joining the consortium, have waived no rights to publish their research. They have agreed only to submit publishing plans and patent applications first to a consortium committee to ensure the protection of group rights.

The consortium provides a "critical mass" of effort focused on to the problem which no one organisation seemed willing to assemble itself. But the very fact that such a programme has begun indicates success on one count: the agricultural industry has been persuaded to take a long-term view of its needs.

Dr Cowey also believes that the fact that 11 companies will all have their own ideas for exploiting the genetic tool-kit, should it materialise, will prove a great encouragement to fast technology transfer.



MINET  
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Results for 1985

Brokerage	up 15 per cent	£78 million
Profit before taxation	up 29 per cent	£30 million
Profit after taxation	up 34 per cent	£16 million
Earnings per share	up 37 per cent	21p
Dividends per share	up 23 per cent	5p

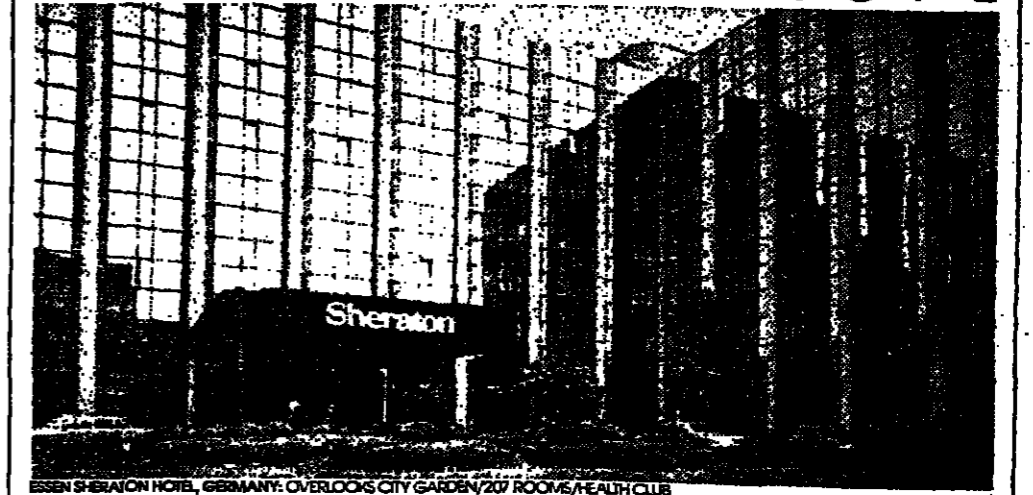
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- SCOTLAND, EDINBURGH SHERATON
- SWEDEN, SHERATON STOCKHOLM HOTEL & TOWERS
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LAW AND SOCIETY

Lord Hailsham embraces unavoidable reform

By A. H. HERMANN, Legal Correspondent

NOW THAT Lord Hailsham, the Lord Chancellor, has embraced the main propositions of civil procedural reform...

As so often, change on this front comes about not because of a lack of resources. A parable illustrates that truth: there is a little island in the Adriatic which was covered by dense forests at the time when the Venetians took possession...

Similarly, the legal profession has thrived on the lush procedures of the English legal system. As the dispute between the Lord Chancellor and the National Consumer Council on Monday was the need for greater efficiency and how to achieve it.

Giving a wider application to the ideas first developed by the Commercial Court Committee...

succeeded in convincing themselves that theirs is the best system possible. Lord Hailsham faces the difficult task of persuading them that they could do much better.

The proposal for a separate Family Court was launched by 100 MPs and is backed by many organisations, including the Law Society, but opposed by a section of the Bar.

It seems that the Civil Justice Review set up by Lord Hailsham last year proceeds in the right direction. But does it go far enough? There seems to be a need for such greater specialisation of the courts if they are to cease to be the exclusive playground of the very rich or of the legal profession supported by legal aid.

There is also the question of whether a single judge sitting alone, the cornerstone of the English system, is best suited for deciding disputes calling for a wide knowledge of background and for the use of judicial discretion.

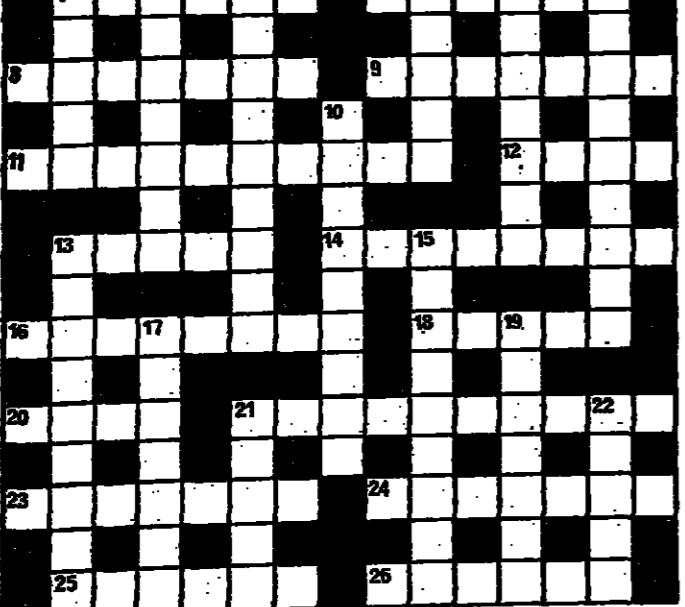
AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Abbey Growth Fund, Abbey Income Fund, etc., with their respective managers and details.

FT UNIT TRUST INFORMATION SERVICE

Large table listing numerous unit trusts including Barchester Management Co Ltd, Barchester Growth Fund, Barchester Income Fund, etc., with columns for name, manager, and other details.

F.T. CROSSWORD PUZZLE No. 6,022



- ACROSS
1 One month with bearing aid in a long time (6)
2 The pen left to us was once used by old writer (6)
3 Alternatively, could be at home on different dates (7)
4 A badge pack can take another form (7)
5 Limited time spent working after midnight (5, 5)
6 The bank is coming back about it (4)
7 Duct made of tin and aluminium (5)
8 Slowmoving French delicacy, says letter with consignment (6)
9 Will go-go dancing provide what Dolly needs? (8)
10 Woman graduate takes mother anyway (5)
11 Further point about American cat (4)
12 Attractive yellow people in part of South Africa (10)
13 An award for waste? (7)
14 Flareily criticised about transport (7)
15 Not a way-out dish (6)
16 Put bet on daughter being supported (6)
17 DOWN
1 Material put up in dugout? (5)
2 Language spoken around Natal is hybrid (7)
3 Who tabled an amendment to the dispatch? (5, 4)

Lord Hailsham recognises that the reforms which he has in mind will require judges to be retrained. One could go a step further and ask whether the time is not ripe to train young lawyers for judicial careers and to appoint them to junior posts in magistrates' and specialised courts.

The Franco-British Round Table on the Drafting of Statutes, reported in this column on May 1, was sponsored by the Institute of Advanced Legal Studies.

Advertisement for The Financial Times proposing a survey on Corporate Communications on Tuesday 27 May 1986. Contact: Nina Jasinski, 01-248 8000 ext 4611.

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1986
OUT OF THE BACKROOM
by David Fabian

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including columns for company names, fund names, and numerical values.

INSURANCES

Table listing insurance companies and their respective financial details, including company names and numerical values.

Handwritten text at the bottom of the page, possibly a signature or date.

Table listing various insurance and financial products, including company names, addresses, and contact information.

Table listing various insurance and financial products, including company names, addresses, and contact information.

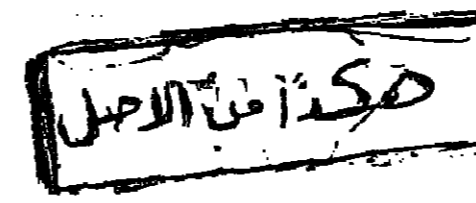
INSURANCE, OVERSEAS & MONEY FUNDS

Main table listing insurance and money fund products with columns for company name, address, and other details.

Main table listing insurance and money fund products with columns for company name, address, and other details.

TRADITIONAL OPTIONS

Table listing traditional options and 3-month call rates, including company names and rates.



COMMODITIES AND AGRICULTURE

Wages under siege as US metal industry seeks cost reductions

BY DAVID OWEN IN CHICAGO

THE ALLING US metals industry is approaching the summer with considerable trepidation, as the labor market in the copper and aluminum sectors come up for renewal.

Financial returns have fallen sharply. Combined 1985 losses at the three big US aluminum producers total almost \$500m, including after tax charges in excess of \$570m for various asset write-downs.

Table with 3 columns: Company Name, 1985 Losses, 1984 Losses. Includes Alcoa, Reynolds, and Kaiser.

ALUMINIUM (LOSSES) (millions of dollars)

ALUMINUM (LOSSES) (millions of dollars)

PRODUCTION UNITS IN THE LONG-ESTABLISHED US ALUMINIUM INDUSTRY HAVE LABOUR COSTS RISING FROM 15 TO 20 PER CENT OF TOTAL PRODUCTION COSTS.

While the US remains comfortably the largest western world aluminium producer, its primary smelters were operating at only some 70 per cent of capacity in the first half of 1985.

Among the copper companies, Kennecott and Newmont have tabled unprecedented demands, seeking wage and benefit cuts of around 30 per cent from current levels.

Yet the LME seems largely unmoved—much to the chagrin of the producers. Prices have risen substantially from last year's levels in dollar terms, but they seem stubbornly low in sterling.

Smelters have long resented the fixing of aluminium prices by the Metal Exchange, but their protests have reached new heights in the last few weeks, fuelled by the decline in trading activity following the shock to the system administered by the tin crisis.

course these levels are unacceptable," he adds. No opening gambit has yet been offered by troubled Alcoa.

The aluminium companies have been keeping more tight-lipped in advance of negotiations. However, a statement by Mr C. Fred Fetteroli, Alcoa's president and chief operating officer, indicates that it too will be seeking concessions.

The shaky state of both industries appears to have convinced the unions to lend a more sympathetic ear to company demands. In March a startling report, conceived by the United Steel Workers of America (USW), heavily involved in steel, aluminium and copper negotiations alike—spoke of the need to keep

wage issues low on the list of priorities and concentrate instead on the preservation of industry and jobs. While the report was aimed primarily at steel workers, the message holds equally true for the aluminium and copper sectors.

"We are trying to do what is reasonable and responsible," says Mr Edgar L. Ball, the international secretary of USW and its copper negotiator. "We will consider each company and each operation to try and fashion something that will keep each one running."

But whether or not they will accede to the magnitude of the demands is quite another matter.

Among the copper companies, Kennecott and Newmont have tabled unprecedented demands, seeking wage and benefit cuts of around 30 per cent from current levels.

In copper, Chile overtook the US as the world's biggest producer in 1985. Since then Reynolds has closed three plants permanently in Arkansas and Alabama.

While the US remains comfortably the largest western world aluminium producer, its primary smelters were operating at only some 70 per cent of capacity in the first half of 1985.

for immediate supply. If, as anticipated, traders have covered themselves against a possible strike by buying call options at fixed prices for June delivery, a scramble could be triggered should the option granters need to secure cover.

The mood at present appears conciliatory. In the steel sector, wage and benefit cuts of 6 per cent and 14 per cent respectively were recently agreed at National Steel and LTV, the second biggest US steel company.

And while workers at Montreal-based Alcan's only US primary aluminium smelter in Kentucky has still to accept company demands for a 12 per cent reduction, they continue working on a day-to-day basis.

"The unions are pricing themselves out of the market and I think there is a recognition of the fact that not all companies involved are struggling. Alcoa, for example, made profits of \$256m in 1984, while 1985's \$16.8m loss included a \$136.8m after tax charge, hardly the dire economic circumstances" which Mr George F. Becker, the USW chief aluminium negotiator, has stated would be necessary for concessions to be considered.

Mr Joe Roman, chief negotiator for the Aluminum, Brick and Glass International Union, the other major body represented at the current talks, is blunter still. "We are going in with the attitude 'no concessions, period'," he said.

Much will depend on the union's stomach for a long struggle and the companies' willingness to be flexible. Although Kennecott's \$137.6 million average annual wage is well above the \$12.60 per hour at Phelps Dodge, the cut required for parity is far less than 30 per cent.

With no shortage of aggressive competition waiting in the wings, a strike would appear in neither side's best interest. But in view of the scale of cuts being sought by employers, no one is yet discounting the possibility.

"Supply is running below demand, stocks are coming down and demand looks set fair to keep growing. Yet the LME is still contemplating its inaction in the wake of the tin crisis."

The truth is that traders and analysts are still preoccupied with the large overhang of excess aluminium production capacity just waiting to come back on stream. Some new smelting capacity has already opened this year in Canada, and more is due to come on stream in coming months in Brazil.

LONDON MARKETS

THIS WEEK'S sharp decline in coffee prices was reversed yesterday reflecting a temporary rebound in sentiment in the New York market.

London's July futures position ended at \$2,926.50 a tonne, recouping \$124 of the loss registered over Monday and Tuesday.

Dealers yesterday rallied to a technical correction following the recent weakness coupled with a Brazilian statement that it did not plan to follow Colombia's weekend export price cut, which had been an important influence in this week's price decline.

In contrast nearby sugar futures added some \$10 or \$11 to Tuesday's \$7 or \$8 decline. Dealers again sentiment was led from New York, and cocoa prices slipped back further, with the July position closing \$22 down at \$1,371 a tonne, as the impact of the Ivory Coast agriculture minister's recent statement of support for the International Cocoa Agreement and doubt about the quality of beans in its stockpile began to wear off.

ALUMINIUM: Unofficial + or - per tonne. High/Low. Cash 756.5-7, 3 months 756.5-7, 6 months 756.5-7.

COPPER: Unofficial + or - per tonne. High/Low. Cash 935.5-5, 3 months 935.5-5, 6 months 935.5-5.

LEAD: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

NICKEL: Unofficial + or - per tonne. High/Low. Cash 2645.0-0, 3 months 2645.0-0.

GOLD: Gold fell \$4 to \$342.343 in quiet and featureless trading on the London bullion market.

INDICES

REUTERS: May 14, 1986. 1974.5: 1778.1: 1708.1: 1966.0. DOW JONES: Dow Jones Industrial Average.

MAIN PRICE CHANGES: In tonnes unless otherwise stated. May 14 - 4 or Month 1986 - 1985.

METALS: Aluminium, Copper, Lead, Tin, Zinc.

COPPER: Unofficial + or - per tonne. High/Low. Cash 935.5-5, 3 months 935.5-5.

COFFEE: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

COCOA: Unofficial + or - per tonne. High/Low. Cash 1130.0-0, 3 months 1130.0-0.

TIN: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

ZINC: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

GOLD: Gold fell \$4 to \$342.343 in quiet and featureless trading on the London bullion market.

SILVER: Silver was firmed 3.05p an ounce lower for spot delivery in the London bullion market.

US MARKETS

PRECIOUS METALS finished generally lower, with losses pared by reasonably strong technical support in platinum.

ALUMINIUM 20,000 lb. cents/lb. May 14, 1986. High/Low/Prev.

CHICAGO: LIVE CATTLE 40,000 lb. cents/lb. May 14, 1986. High/Low/Prev.

COFFEE "C" 37,500 lb. cents/lb. May 14, 1986. High/Low/Prev.

COCOA: Unofficial + or - per tonne. High/Low. Cash 1130.0-0, 3 months 1130.0-0.

COTTON 50,000 lb. cents/lb. May 14, 1986. High/Low/Prev.

CRUDE OIL (LIGHT): 42,000 US gallons, \$/barrel. May 14, 1986. High/Low/Prev.

SOYABEAN MEAL: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

RUBBER: Unofficial + or - per tonne. High/Low. Cash 246.7-0, 3 months 246.7-0.

US MARKETS

PRECIOUS METALS finished generally lower, with losses pared by reasonably strong technical support in platinum.

ALUMINIUM 20,000 lb. cents/lb. May 14, 1986. High/Low/Prev.

CHICAGO: LIVE CATTLE 40,000 lb. cents/lb. May 14, 1986. High/Low/Prev.

COFFEE "C" 37,500 lb. cents/lb. May 14, 1986. High/Low/Prev.

COCOA: Unofficial + or - per tonne. High/Low. Cash 1130.0-0, 3 months 1130.0-0.

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UK aluminium smelters more optimistic

BY ANDREW GOWERS

BRITAIN'S ALUMINIUM industry is making a determined effort to pull itself out of the doldrums, despite the stagnation of aluminium prices on the London Metal Exchange in recent weeks.

With world stocks at lower levels than at any time since 1984 and demand on the rise, aluminium smelters and fabricators are all vying for spot aluminium over forward supplies on the London Metal Exchange.

Producers admit that demand seemed to have been artificially inflated by the strike fears. But they say that is only part of the story.

"The fundamentals have been getting better for aluminium ingot for some time, and over the past two or three months, they've improved significantly," said the manager of one British smelter yesterday. "Supply has been less than demand and free-world stocks have been coming down."

Yet the LME seems largely unmoved—much to the chagrin of the producers. Prices have risen substantially from last year's levels in dollar terms, but they seem stubbornly low in sterling.

Tax plans anger Danish farmers

BY HILARY BARNES IN COPENHAGEN

PLANS BY Danish pig producers to increase production from 15m to 18m pigs a year over the next two years are being undermined by lack of political support for farming, say farmers' leaders.

"The signals we are getting from the politicians and the rest of the community suggest that we should reduce rather than increase production," according to Mr Bent Sloth, chairman of the Danish Slaughterhouse Association.

The farmers are increased by two measures likely to be approved by the Folketing this month. Both of them were tabled by an alliance of centre left parties and do not have the support of the minority non-socialist Government.

The first measure is a DKR 0.40 (3.2p) per kilo tax on artificial fertilisers, the proceeds of which will be used for anti-pollution investments in agriculture.

While French and German governments have promised national measures of compensation, the Danish politicians are only adding to the farmers' financial worries, according to Mr Sloth.

N. Zealand wool exports fall

Lower on-farm production resulted in the drop in exports, Reuters reported.

A stronger NZ dollar reduced the value of wool exports to NZ\$955m for the nine months compared with NZ\$1,081m in the same 1984-85 period.

The UK was the largest market, with 24,432 tonnes, clean equivalent, against 25,185 a year earlier.

Exports to the USSR, the second largest market, rose to 20,023 tonnes against 12,695, while those to China fell to 18,854 tonnes from 20,098 and to Japan to 18,111 tonnes against 28,336.

Decreases were also recorded for Belgium (9,938 tonnes against 14,276) and Italy (8,302 against 10,517).

Exports to Iran increased to 3,837 tonnes from 829.

Sri Lankan tea price at 3-year low

THE RECENT fall in Sri Lankan tea prices which has taken them to the lowest level for three years has been mainly to oversupply in world markets, not guerrilla activity in Sri Lanka, according to Mr Ronnie de Mel, the country's Finance Minister, reports Reuters from Colombo.

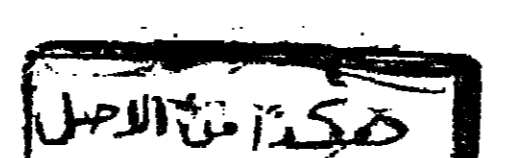
At the Colombo auction yesterday the average price fell to 26 rupees (60p) a kilo.

But Mr de Mel admitted that the Tamil guerrilla's threat in January to poison the country's tea had hit demand and prices. And a Colombo broker said this was still having an effect as stringent tests on Sri Lankan tea in importing countries was causing delays in clearing shipments and therefore discouraging buyers.

He said this was an irritant to buyers. "Some are shifting to other centres preferring to pay more instead of going through tedious clearing procedures."

In its weekly market report another Colombo tea broker, Gordon Walker, suggested that the tea price fall was linked to the oil price slide. This had affected the purchasing power of Middle Eastern oil producing countries which had become the largest tea consumers in the world.

"There is also a belief that some buyers are heavily over-stocked having made early purchases anticipating a possible disruption to normal shipping because of prevailing situations in those areas," the report added.





BRITISH FUNDS

Table of British Funds with columns for Name, Price, Dividend, and Yield. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

AMERICANS—Cont.

Table of American Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'BANKS, HP & LEASING', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', 'LOANS', 'BEERS, WINES & SPIRITS', 'AMERICANS', and 'BUILDING, TIMBER, ROADS—Cont.'.

Main table of American Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'CANADIANS', 'CHEMICALS, PLASTICS', 'DRAPERY AND STORES', 'ELECTRICALS', 'FOOD, GROCERIES, ETC.', 'HOTELS AND CATERERS', and 'INDUSTRIALS—Continued'.

LONDON SHARE SERVICE

Main table of London Share Service with columns for Name, Price, Dividend, and Yield. Includes sections for 'BUILDING, TIMBER, ROADS—Cont.', 'DRAPERY & STORES—Cont.', 'ELECTRICALS', 'FOOD, GROCERIES, ETC.', 'HOTELS AND CATERERS', and 'INDUSTRIALS—Continued'.

INDUSTRIALS—Continued

Table of Industrial Stocks with columns for Name, Price, Dividend, and Yield. Includes sections for 'HOTELS AND CATERERS' and 'INDUSTRIALS (Miscellaneous)'.

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Handwritten text in Arabic script at the top of the page.

INDUSTRIALS - Continued

Table of industrial stocks including companies like British Petroleum, ICI, and various engineering firms. Columns include stock name, price, and other financial metrics.

LEISURE - Continued

Table of leisure and entertainment stocks such as Rank Organisation, British Telecommunications, and various media companies.

PROPERTY - Continued

Table of real estate and property-related stocks including various land and building companies.

INVESTMENT TRUSTS - Cont.

Table of investment trusts offering diversified portfolios of stocks and bonds.

FINANCE, LAND - Cont.

Table of financial and land-related stocks, including banks, insurance companies, and landowners.

MINES - Continued

Table of mining stocks from various countries, including gold, silver, and copper mines.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft industry stocks, including manufacturers and suppliers.

Commercial Vehicles

Table of commercial vehicle stocks, including manufacturers of trucks and vans.

Components

Table of component stocks, including parts and accessories for various industries.

SHOES AND LEATHER

Table of shoe and leather goods stocks, including manufacturers and retailers.

TEXTILES

Table of textile stocks, including manufacturers of fabrics and clothing.

SHIPPING

Table of shipping stocks, including shipping lines and related services.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks, including major news organizations.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks, including publishers and printers.

SOUTH AFRICANS

Table of South African stocks, including various local companies.

OVERSEAS TRADERS

Table of overseas trading stocks, including international trade companies.

PLANTATIONS

Table of plantation stocks, including rubber, sugar, and other agricultural products.

TEAS

Table of tea stocks, including tea plantations and processors.

INSURANCES

Table of insurance stocks, including various insurance companies.

PROPERTY

Table of property stocks, including real estate and landowners.

INVESTMENT TRUSTS

Table of investment trusts, including diversified funds.

FINANCE, LAND

Table of financial and land stocks, including banks and landowners.

MINES

Table of mining stocks, including various mineral mines.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks, including local companies.

Notes and footnotes at the bottom of the page, including market commentary and legal disclaimers.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option
\*First Declara- Last Account
Dealings tions Dealings Day
Apr 28 May 8 May 9 May 19
May 12 May 29 May 30 June 9
June 2 June 12 June 13 June 23

NatWest £714m rights issue triggers widespread retreat by equities

Recent fears of a large cash call proved to be well founded yesterday. At the start of trading NatWest announced a record-breaking rights issue amounting to £714m. The massive funding operation stunned the equity market. NatWest plummeted to close at the lowest of the day with a fall of 85p. Other Bank shares were marked down sharply with Barclays closing 35 off at 512p and Lloyds ending 36 lower at 592p. Midland fell 12 to 556p. Blue chip industrials suffered a similar fate, albeit on a more modest scale. Inevitably, the continuing drain on institutional liquidity gave rise to worries about the possibility of further funding and by the close of the trading session market sentiment was thoroughly demoralised.

extremes of 773p and 758p before closing unaltered at 770p following the announcement that Charter Consolidated had sold virtually all of its near-9 per cent stake in the group. Market newcomers Westbury and Worcester both staged highly satisfactory debuts given the prevailing conditions. The former opened at 180p and moved up to 186p compared with the offer-for-sale price of 145p, while the latter, placed at 140p, attracted fresh speculation at 123p and advanced to 137p. Leading Buildings displayed moderate falls following an initial defensive mark-down and subsequent bouts of scarping sell-off. Blue Circle settled 10 lower at 678p, while RMC shed 6 to 646p and BPB Industries eased 5 to 466p. Against the trend, Barracuda Developments put on a 10p advance to 244p. Rumours revealed that the latter, down to 452p initially, were finally 2 cheaper on balance at 460p. Secondary issues were featured by recently-dubbed Henderson Group which gained 16 to 215p following the annual results and confident statement. Healers favourite Fosseca came back 7p and rose to 253p, a two-day advance of 27.

ICI settled 10 lower at 917p, after 912p, while Laporte shed 6 more to 242p. Recent takeover speculation in the latter's 280p following profit-taking and Coalite shed 6 to 251p. On the other hand, British Benzol continued to attract buyers and gained 3 more to 917p, while Croda International Deferred move up 6 to 133p.

British Telecom down
Leading Retailers gave ground, although dealers reported only limited merchant success. Woolworths, 785p, and Dixons, 336p, eased 20 and 6 respectively in the absence of further bid developments. Gussies A eased 15 to 880p, while Barona closed 2p cheaper at 284p. Secondary counters were mixed. Buyers returned for Goldsmiths, finally 2 to the good at 226p, while handling merchants Lanes, 215p, and D. C. Thomson now controls around 15.5 per cent of the equity. In contrast, Bremner dipped to 39p before reverting to unchanged on balance after reveal 92 a full-year deficit and omitted final dividend. Occasional selling led Next 8 off at 260p and Cantors A a similar amount down at 150p, but Warehouse, in

FINANCIAL TIMES STOCK INDICES
Table with columns: Index Name, May 14, May 13, May 12, May 9, May 8, May 7, Year ago

HIGHS AND LOWS
Table with columns: Index Name, High, Low, Daily Change

S.E. ACTIVITY
Table with columns: Index Name, High, Low, Daily Change

while Concentric added 5 at 104p on further consideration of the interim figures. It was favoured after-hours and moved up 11 to 565p, but the surrounding malaise took leaders GRN down 3 to 320p and Hawker, 8 to 573p. Foods drifted easier on lack of interest. Cadbury Schweppes eased 3 to 171p and recent bid favourite Rowatree Mackintosh gave up 8 at 500p. Tate and Lyle edged up 1p to 457p, while Associated British Foods, a strong market on Tuesday amid revised Fine Fare sale rumours, slipped 4 to 336p. Dee Corporation, all of Tuesday's gain, was followed by a recommendation by stockbrokers James Capel. Elsewhere, D. J. Security Alarms moved up 6 to 138p in response to revised bid hopes and Electronic Machine attracted speculative support at 72p, up 6. TDS Circuits ended 4 better at 150p despite the annual deficit, but Molyneux fell 4 at 82p, while the Abbeygate buyer proposed 50.3m rights issue. F. S. Batelife were again outstanding in Engineering, rising 35 more for an advance of 67 to 250p on news of the company following reports that a sizeable stake in the company had changed hands. Elsewhere, Thomas Robinson rose 18 to 350p on speculative support and Matthew Hall gained 6 at 146p.

to 181p following profit-taking. Elsewhere in the Leisure sector, SelectTV settled a penny cheaper at 25p, after 24p. Advertising agencies gave ground across a broad front. Saatchi and Saatchi closed 10 cheaper at 750p, after 745p, while double-figure falls were also evident for Lowe Howard-Spink, 385p, Valla Pollen 170p, and Wight Collins Rutherford, 480p. In contrast, sales promotion group Holmes and Marchant improved 20 to 515p in belated response to the interim statement. Leading Properties held up well, the tone helped by better-than-expected annual profits and dividend from Land Securities, finally a penny dearer on balance at 311p, after 312p. Shippings plotted an irregular course, 80p Deferred eased 2 off at 350p, but Elders and 8 to 525p, while British and Commonwealth, due to reveal preliminary figures today, gave up a few pence to 516p. Walter Ruellman, on the other hand, continued to benefit from the impressive results and put on 4 for a two-day advance of 20 to 106p.

Textiles highlighted Ireland's Sunbeam Wooley which advanced to 109p before settling 16 higher on balance at 106p and reports that around 20 per cent of the equity had changed hands at 105p per share. Mildly disappointing first-quarter results and a cautious address by the chairman at the annual meeting left Ultramar 10 lower at 180p. Elsewhere in oils, oil fell 7 to 565p in front of the first-quarter figures expected around 1.30 pm today, while Shell, due to announce quarterly results at 9.30 am, eased a few pence to 345p. Barmul fell 10 to 348p in early trading, on further consideration of the £80m rights issue, but picked up later in the session to close only 2 off at 353p. L.A.S.M.O. rose 8 to 123p and IC Gas dipped 5 to 375p. Secondary oils provided a handful of firm features. KCA Drilling moved up 4 to 16p, while Laska, Grand Metropolitan and Natural Resources jumped 10 to 70p reflecting the recent base-metal discovery in the Republic of Ireland. Confirmation of further purchases registered in the name of Bank of New York nominees ensured another lively turnover in Lorbis which traded between 264p and 257p before settling a net penny dearer at 262p; activity in the shares also stimulated interest in traded options. Elsewhere in Overseas Traders, fresh interest was noted for Polly Peck which finally closed a couple of pence higher at 100p, while the interim results will be announced on May 28.

Apart from the UK-based Financials, which held up well in the face of the widespread retreat by domestic equities, mining markets gave ground over a broad front. Hampton

Traded Options
Volume in Traded Options returned to more respectable levels yesterday. Total contracts transacted amounted to 19,229 comprising 11,744 calls and 7,485 puts. As on Tuesday, however, much of the session's excitement centred on Lorbis which attracted 3,807 calls. British Telecom was also lively and in an evenly-balanced session recorded 1,188 calls and 1,288 puts. The FT-SE 100 index closed 28 points higher at 2,525.25.

TRADITIONAL OPTIONS
First Last First Last First Last
Date Date Date Date Date Date
May 6 May 16 Aug 18 Aug 18 Aug 18 Aug 18
For rate indications see end of Unit Trust Service

RISES AND FALLS YESTERDAY
Table with columns: Rise, Fall, Same

Composites retreat
Despite better-than-expected first-quarter profits from Commercial Union and a favourable quarterly performance by General Accident, Composite Insurances wilted in sympathy with the general trend. CU improved to 329p on the figures before reacting to finish a few pence easier on balance at 325p, while CA ended 12p down at 841p. Royals fell 17 to 931p awaiting today's third-quarter results and GRE dipped 8 to 800p. Among quietly dull Life issues, Legal & General relinquished 11 to 739p in the wake of the AGM. In sympathy with the depression in the clearing banks, Bank of Scotland dropped 12 to 385p as did Royal Bank of Scotland to 314p. Standard Chartered, meanwhile, rose 8 to 815p on hopes of an increased offer from Lloyds. Mercury International moved between

145p having equalled the 1986 high of 1432p, still sustained by hopes of a better offer from Metals Exploration or a counter-bid. Consolidated Gold hardened a shade to 477p, while Rio Tinto Zinc were little changed on balance at 659p, the latter following the dividend declaration from South African copper associate Palabora. South African Golds fell away for the third consecutive trading day, unsettled by the downturn in the Financial Rand, the continued absence of any support from South African operators and persistent selling from European and US sources. Falls in the heavyweights were by no means substantial but widespread losses in the region of 1 to 1 were sufficient to lower the Gold Mines index a further 2.6 to 251.0. Vaal Reefs showed a decline of a 3 to a years low of 219.1 and Driefontein dipped 1 to 510 while the lower priced issues were highlighted by Consolidated Modderfontein, 15 off at 215p.

Excess fluctuations in the exchange rate left BEIP - a strong market in Australia overnight - a net 4 off at 372p, but Elders and 8 to 525p, while British and Commonwealth, due to reveal preliminary figures today, gave up a few pence to 516p. Walter Ruellman, on the other hand, continued to benefit from the impressive results and put on 4 for a two-day advance of 20 to 106p.

Ulramar lower
Mildly disappointing first-quarter results and a cautious address by the chairman at the annual meeting left Ultramar 10 lower at 180p. Elsewhere in oils, oil fell 7 to 565p in front of the first-quarter figures expected around 1.30 pm today, while Shell, due to announce quarterly results at 9.30 am, eased a few pence to 345p. Barmul fell 10 to 348p in early trading, on further consideration of the £80m rights issue, but picked up later in the session to close only 2 off at 353p. L.A.S.M.O. rose 8 to 123p and IC Gas dipped 5 to 375p. Secondary oils provided a handful of firm features. KCA Drilling moved up 4 to 16p, while Laska, Grand Metropolitan and Natural Resources jumped 10 to 70p reflecting the recent base-metal discovery in the Republic of Ireland.

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FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index Name, Index No., Day's Change, Day's High, Day's Low, Year Ago

Table with columns: Index Name, Index No., Day's Change, Day's High, Day's Low, Year Ago

Table with columns: Index Name, Index No., Day's Change, Day's High, Day's Low, Year Ago

Table with columns: Index Name, Index No., Day's Change, Day's High, Day's Low, Year Ago

Table with columns: Index Name, Index No., Day's Change, Day's High, Day's Low, Year Ago

1st Flat yield, Highs and lows record, base dates, values and consistent changes are published in Saturday Issues. A new list of constituents is available from the Publishers, the Financial Times, Gordon House, Cannon Street, London EC4A 3DF, price 15p, by post 25p.

YESTERDAY'S ACTIVE STOCKS
Above average activity was noted in the following stocks yesterday

Table with columns: Stock Name, Day's Change

TUESDAY'S ACTIVE STOCKS
Based on bargains recorded in Stock Exchange Official List.

Table with columns: Stock Name, No. of Shares, Day's Change

Table with columns: Stock Name, No. of Shares, Day's Change

Table with columns: Stock Name, No. of Shares, Day's Change

Table with columns: Stock Name, No. of Shares, Day's Change

Table with columns: Stock Name, No. of Shares, Day's Change

TOTAL VOLUME IN CONTRACTS: 51,522

EUROPEAN OPTIONS EXCHANGE
Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

Table with columns: Series, Vol., Last, Bid, Ask, Stock

TOTAL VOLUME IN CONTRACTS: 51,522

RECENT ISSUES

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

Table with columns: Issue Name, Issue Price, Issue Date, Issue Size

May 14 Total contracts 19,229 Calls 11,744 Puts 7,485 Underlying security price



WORLD STOCK MARKETS

Handwritten note in Arabic script: "سوق الاسهم العالمية"

Table of stock market data for various countries including Austria, Germany, Norway, Australia, and Japan. Columns include stock names, prices, and changes.

CANADA

Table of Canadian stock market data for Toronto, listing various stocks and their prices.

NEW YORK

Table of New York stock market data, including indices and individual stock prices.

OVER-THE-COUNTER

Table of over-the-counter market data, listing various stocks and their prices.

INDICES

Table of stock market indices for various regions and countries.

MONTREAL

Table of Montreal stock market data, listing various stocks and their prices.

Advertisement for the Financial Times, highlighting its global reach and subscription services.

LONDON

Table of London stock market data, listing various stocks and their prices.

Special Subscription Hand Delivery

Advertisement for the Financial Times, emphasizing hand-delivered subscriptions.

Large advertisement for the Financial Times, featuring a globe and contact information.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, May 14

Main table of stock prices with columns for stock name, price, and change. Includes sections for 12 Month, High, Low, and various stock categories.

Continued on Page 35

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued from Page 34' and 'S S S S S S'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'A B C D E F G H I J K L M N O P Q R S T U V W X Y Z'.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'A B C D E F G H I J K L M N O P Q R S T U V W X Y Z'.

AMSTERDAM/DELFT/EINDHOVEN GRONINGEN/DE HAGUE/HAARLEM/HEEMSTED/LEIDEN/EIJDORP/OEGSTGEEST/RIJSWIJK/ROTTERDAM/TRECHT/WASSENAR THE NETHERLANDS. Your subscription copy of the FINANCIAL TIMES can be hand-delivered to your office in the centre of any of the cities listed above. For details contact: Richard Wilks. Tel: 020 239430. Telex: 16527.

